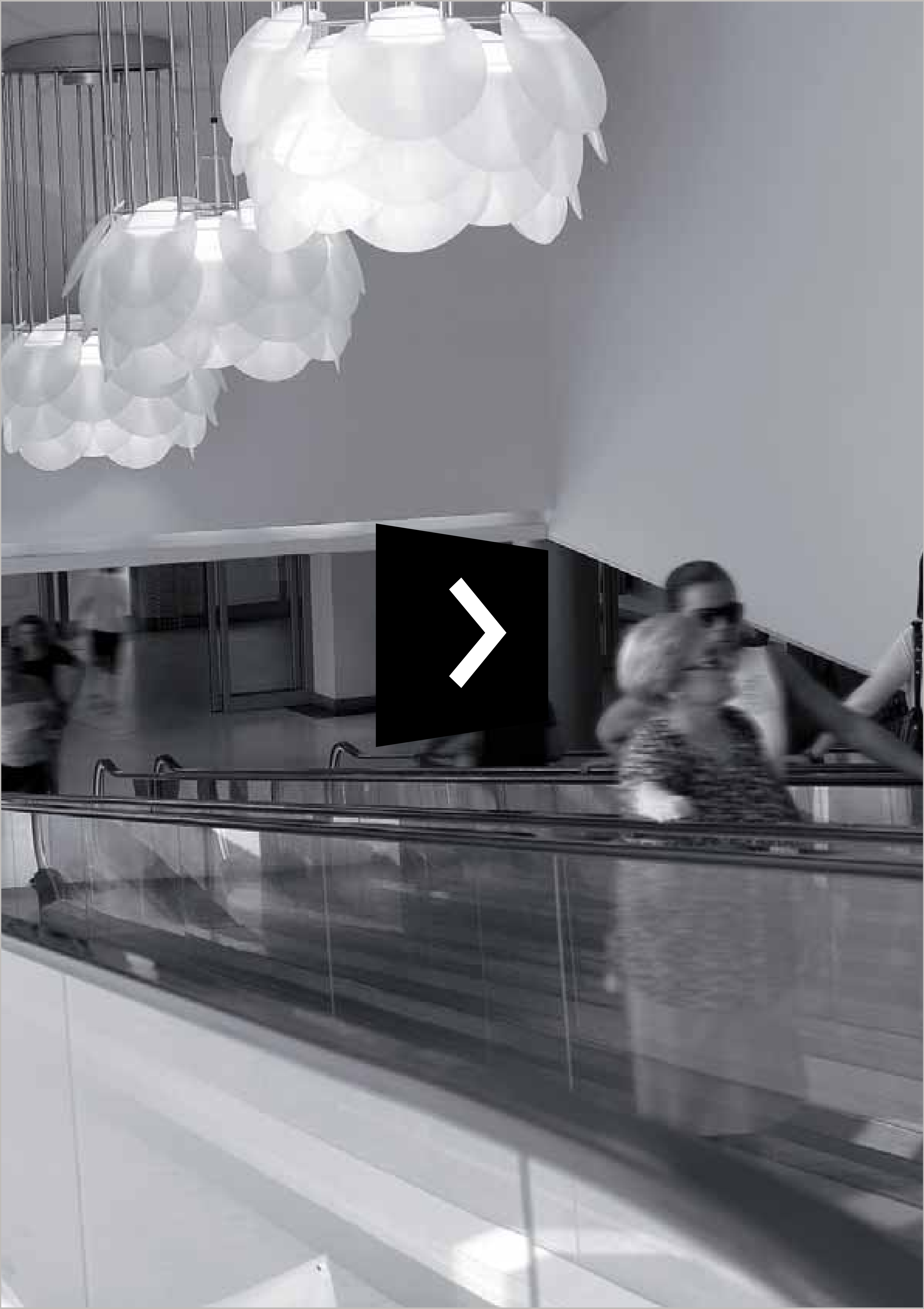
Financial statements

at 31 December 2008

immobiliare
grande distribuzione
società di investimento
immobiliare quotata spa



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The IGD Group

1.1 | Letter to the Shareholders

Dear Shareholders,

2008 was a record year for your company: we, in fact, increased revenues by 31.64% while the market value of our real estate assets and properties, based on the estimate of independent appraiser CB Richard Ellis, reached € 1,344.23 million (or €1,423.20 including the 50% in the RGD Group).
In a context of growing tension in the financial markets and the real estate sector where uncertainty weighed heavily on the real economy, many sector companies showed signs of financial weakness, were forced to change their investment plans and dispose of significant portions of their portfolios. This was not the case for IGD, as we continued to look ahead and to follow our development path which in 2008 led the way to important results.
Firstly, we continued to implement our 2008-2012 business plan which calls for investments of €800 million.

1 2

1.
The Chairman
Gilberto Coffari

2.
The Chief Executive Officer
Filippo-Maria Carbonari

In Italy we purchased four new commercial centers, three of which are already open and one which is opening soon.
At the same time we expanded the Group's international presence thanks to the inclusion in our portfolio of Winmarkt, the most important retail distribution chain in Romania found in 13 different Romanian cities. The deal, which closed at the end of April 2008 and which was subsequently finalized in September for a total of € 192 million, allowed us to diversify a significant portion of our portfolio – which was initially focused solely on the domestic market – in a country which has one of the most interesting economies in the EU and a type of real estate capable of generating immediate returns. Our management will add 15 centers in Romania over time thanks to the investment program of €16 million. In a changed scenario in which the Romanian economy is still expected to grow but at a more contained rate, the investments, initially conceived to block potential competitors, will be used

to strengthen the staying power of our centers which – in addition to already being operational – are found in unique central locations.

Secondly, we implemented the transformation of IGD into a Società di Investimento Immobiliare Quotata (SIIQ) or real estate investment trust. Currently IGD is the only existing SIIQ in Italy and, unless regulations change, will remain so for all of 2009. If, on the one hand, the transformation made it possible for us to benefit from the related tax regime, on the other hand it called for a considerable commitment in terms of analysis, investigation of the new norms and regulations, as well as the evaluation as to the role of several Group subsidiaries in the new corporate structure. Our hard work seems to have paid off, however: the 2008 financial statements indeed confirm that the income and asset ratio requirements under SIIQ legislation have all been satisfied.

In the most critical phase of the financial crisis, between July and September when interest rates were so high that it was impossible for many market players to run profitable businesses, IGD was able to confirm all the targets outlined in the plan put together in May 2007, but based on very different scenario assumptions. Over the next four years we expect to see like-for-like growth in revenues of about 1-1.5% above the rate of inflation, to reach an Ebitda margin of 75% by 2012 while maintaining the gearing ratio at around 1.5. We have decided, on the one hand, to continue to actively pursue our original strategic goals - efficient management of the existing real estate portfolio and profitable organic growth - and, on the other hand, in light of the difficult scenario that has emerged, to introduce new elements which focus on the dynamic management of our portfolio of future projects.

If we look back, from our listing through today, we can see that the value of our real estate portfolio, now in excess of € 1,423.20 million, has increased rapidly. This is attributable to our ability to enhance the value of real estate through management, to the favorable market trends, but also to intense acquisition activity.
Today marks the beginning of a new phase for IGD. Having reaching a sizeable "critical mass", the focus must now be on optimal management of the current portfolio and the re-evaluation of investment opportunities in light of the expected returns in this changed environment and the cost of capital: as a result of this dynamic portfolio management, last November we cancelled the preliminary purchase contract for the retail park in Spilamberto, near Modena, as the original conditions had changed resulting in a less attractive deal. A similar decision was made in January 2009 to cancel the preliminary contract that we had signed for the purchase of a shopping mall in Trapani due to unclear completion time for the works in progress.

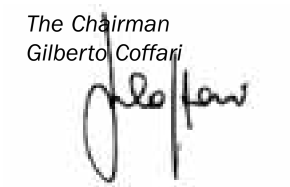
As we go forward in this new growth phase we can, in the end, count on the solid financial structure of which are our Loan-to-Value of 51% is testimony. 73% of our debt is financed at a fixed rate; we also have access to funding which is more than enough to cover the capital expenditures forecast to date. In 2009 centers will be opened in Guidonia, on the outskirts of Rome, Asti and Catania, while construction of the other projects will continue.

The changes that have taken place in the financial markets and the real estate sector have disoriented those companies whose businesses were focused on short term returns. The turmoil of the past few months has eliminated, in our sector specifically, a lot of the players whose strategies were based primarily on the availability of vast financial resources. This has decidedly improved the competitive

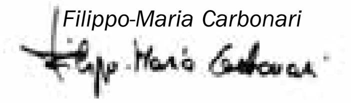
outlook going forward.
Despite its new international positioning and its unique status as the only Italian SIIQ, IGD knows that it cannot rely on its past achievements as it moves forward.
For this reason we would like to confirm that we will continue to act like a simple “manager of shopping malls”, with a medium term view which will seek to conquer its results everyday thanks to the resources that it has put together: a company which is aware, above all, of the cash flows that the daily operations must be able to generate, their link to sustainable rental income and efficient cost control which are both part of our corporate culture.
While potentially this approach coupled with correct, farsighted asset management could lead to the enhancement of our real estate portfolio, this is not IGD’s main strategic objective.
We have been rewarded for our novel approach which is based on the evaluation of the returns of each project on a stand alone basis. We intend to continue with this approach. By making sure that the new investments do not erode the returns of the previous ones, we will be able to sustain the entire portfolio and make it possible for the value we have created to accumulate over time.
We have been able to follow these strategic and operational guidelines in IGD as we can count on a cooperative ownership structure: strong, stable and with a long term view. This is one also one of the qualities that makes us substantially different from other operators.

We can, therefore, conclude by saying that we are the only “industrial” player in this capital intense and highly leveraged retail real estate sector: for this reason we are positioned better than others and will be able to deal with this moment of grave crisis which today we feel we are better equipped to “bridge” and we hope that at the end of 2009 we will be able tell you that we were the best at getting through it.

The Chairman
Gilberto Coffari

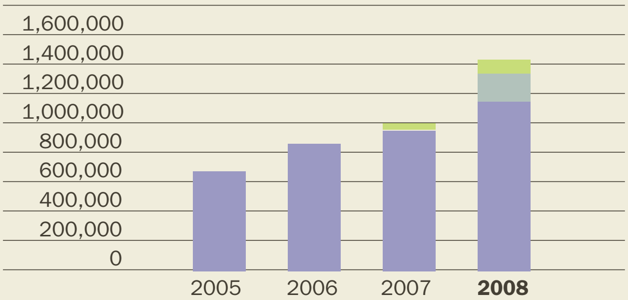


The Chief Executive Officer
Filippo-Maria Carbonari



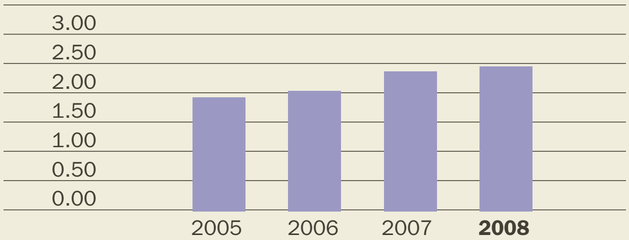
1.2 Highlights

Market value of the portfolio



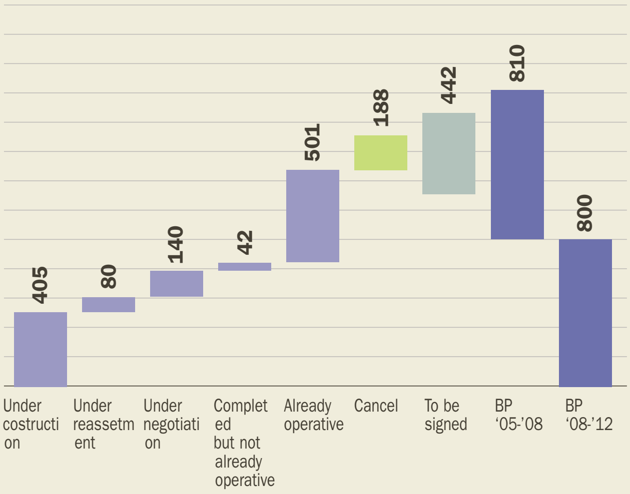
Value: thousands of euros **IGD** **Winmarkt** **RGD**

NAV per share



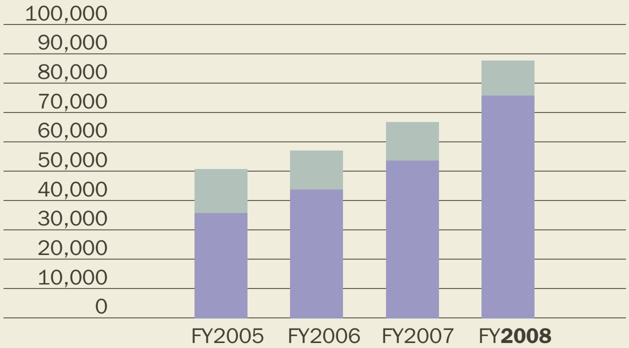
Value: units of euros

Investment pipeline



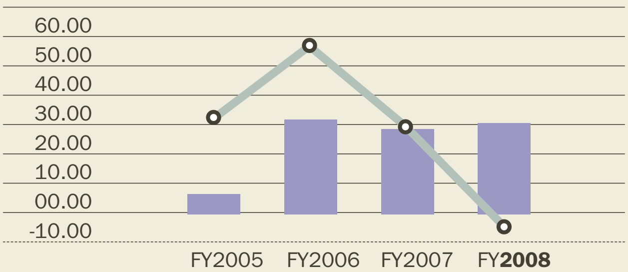
Value: millions of euros

Net rental income



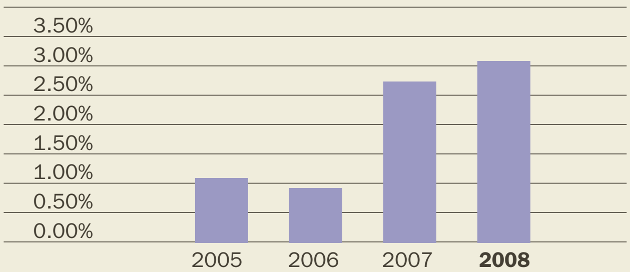
Value: thousands of euros **Revenues - SBUI Freehold** **Revenues - Sbui Leasehold**

FFO (Funds from operations)



Value: millions of euros **FFO/Funds from operations** **Change in Fair Value**

Dividend yield



Consolidated income statement	FY2007	FY2008
Revenues fr. SBU1 freehold	54,041	77,008
Revenues fr. SBU1 leasehold	13,223	11,190
Revenues fr. Sbu2	5,711	3,958
Corporate revenues	84	82
Total net revenues*	**73,060**	**92,238**
Rents payable	-11,743	-12,313
Direct costs	-7,722	-11,513
General expenses	-5,678	-9,488
Ebitda	**47,916**	**58,925**
Amortization, depreciation & impairment	-299	-19,764
Change in fair value	30,663	-2,589
Ebit	78,279	36,572
Income fr. Equity investments	0	92
Financial income/(charges)	-14,572	-25,936
Pre tax profit	**63,708**	**10,728**
Tax	-11,392	32,609
Net profit	**52,316**	**43,337**

* the item net revenues includes revenues net chargebacks

	FY2007	FY2008
Net financial debt (€/mn)	**341.62**	**733.90**
Net equity (€/mn)	**741.17**	**742.88**
Loan to value (%)	**33.90%**	**51.57%**
Hedging (%)	**90.19%**	**73.10%**
Average cost of debt (%)	**4.29%**	**4.82%**

2008	Hypermarkets	Malls
Average annual occupancy rate	**100%**	**96.46%**
Like-for-like yields	**6.4%**	**6.1%**

1.3 | Corporate and Supervisory Bodies

Board of Directors *	Non - executive	Executive	Independent	Audit Internal Committee	Nomination Committee	Compensation Committee	Supervisory Board	Lead Independent Director
Gilberto Coffari Chairman	●							
Sergio Costalli Vice Chairman	●							
Filippo-Maria Carbonari Chief Executive Officer		●						
Roberto Zamboni Director	●							
Fernando Pellegrini Director	●							
Claudio Albertini Director	●				●			
Leonardo Caporioni Director	●			●				
Massimo Franzoni Director			●	●				
Aristide Canosani Director			●	●				
Riccardo Sabadini Director			●			●		●
Fabio Carpanelli Director			●				●	
Mauro Bini Director			●		●			
Francesco Gentili Director			●			●	●	
Sergio Santi Director			●			●	●	
Stefano Pozzoli Director			●		●			

Board of Statutory Auditors	Standing	Alternate
Romano Conti Chairman	●	
Roberto Chiusoli Auditor	●	
Franco Gargani Auditor	●	
Isabella Landi Auditor		●
Andrea Parenti Auditor		●

External Auditors
Reconta Ernst & Young S.p.A.

* The Board will be in office through the Annual General Meeting to be held on 23-24 April 2009

The red points indicates the independent directors and the different positions held within the Board.

Since its etablishment IGD has adopted a corporate governance model which, in addition to reflecting the standards outlined in the “Corporate Governance Code for Listed Companies” and Consob’s guidelines, is in line with the best international practices.
As in FY 2007, once again in 2008 IGD hired the consulting company Egon Zehnder International to help with the self-assessment of the size, composition and functioning of its Board of Directors and its Committees as provided for in the Corporate Governance Code.

This survey is conducted in a systematic way. Two consultants interviewed personnel who had filled out a detailed questionnaire. The results were analyzed in a Summary Report which was presented to and discussed by the Board. The use of this sort of Board Review is in line with the most sophisticated international standards and is testimony to IGD’s status as one of the “best practitioners” of the Borsa Italiana’s Star Segment.
Based on the self-assessment survey, IGD’s Board of Directors has achieved levels of Italian market excellence in terms of:

1. Size which was found to be adequate and efficient, with a majority of independent directors;
2. Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
3. Efficient functioning, thanks above all to the positive environment, highly motivated directors, team spirit and the Chairman’s ability to coordinate, guide and facilitate the Board’s activities which was well supported by the Chief Executive Officer.

1.4 | The IGD Group Today

Today IGD is the only Società di Investimento Immobiliare Quotata (SIIQ or real estate investment trust) in Italy. Listed in February 2005 with a real estate portfolio valued at €585 million in September 2004, IGD's real estate portfolio is now valued at €1,344.23 million (or €1,423.20 including the 50% in the RGD Group).

Our Portfolio

Today our portfolio consists of:

In Italy
14 hypermarkets
12 shopping malls
3 commercial centers through the JV RGD
5 development projects
(4 plots of land and one building)
1 asset held for trading
6 other

In Romania
15 commercial centers
1 office building

Our Activities

IGD has always focused on medium-large sized commercial centers comprised of hypermarkets and shopping malls.

Property Management and Leasing
The objective is to enhance the value of the property portfolio which is done through:

1. the purchase or leasing of properties;
2. the optimization of the returns from the portfolio thanks to the continuous improvement of the center's appeal;
3. the possible sale of the malls.

Services
Agency Management and **Pilotage** operations designed to promote new or expanded centers.
Facility Management services, linked to marketing and the daily operations of the center such as, for example, security, cleaning and ordinary maintenance.

We are committed to going forward with our 2008-2012 investment plan of €800 million.

Mission

IGD's mission it to create value for all its stakeholders: shareholders, employees, customers and suppliers. We believe this is possible through sustainable growth.

Vision

We are committed to building and managing commercial centers which attract customers and, consequently, offer tenants a valid operating environment.
For this reason we are focused on generating traffic, improving the sales potential of each store by providing the consumer with an experience that is both pleasant and convenient.
Our continuous dialogue with local authorities results in new initiatives, capable of changing the fiber of once forgotten areas.

Strategy

Up until now IGD's strategy has been concentrated on **intense development** through the acquisition and construction of commercial centers both as part of the framework agreement stipulated with our reference shareholders - CoopAdriatica e Unicoop Tirreno – and through development projects with other parties.

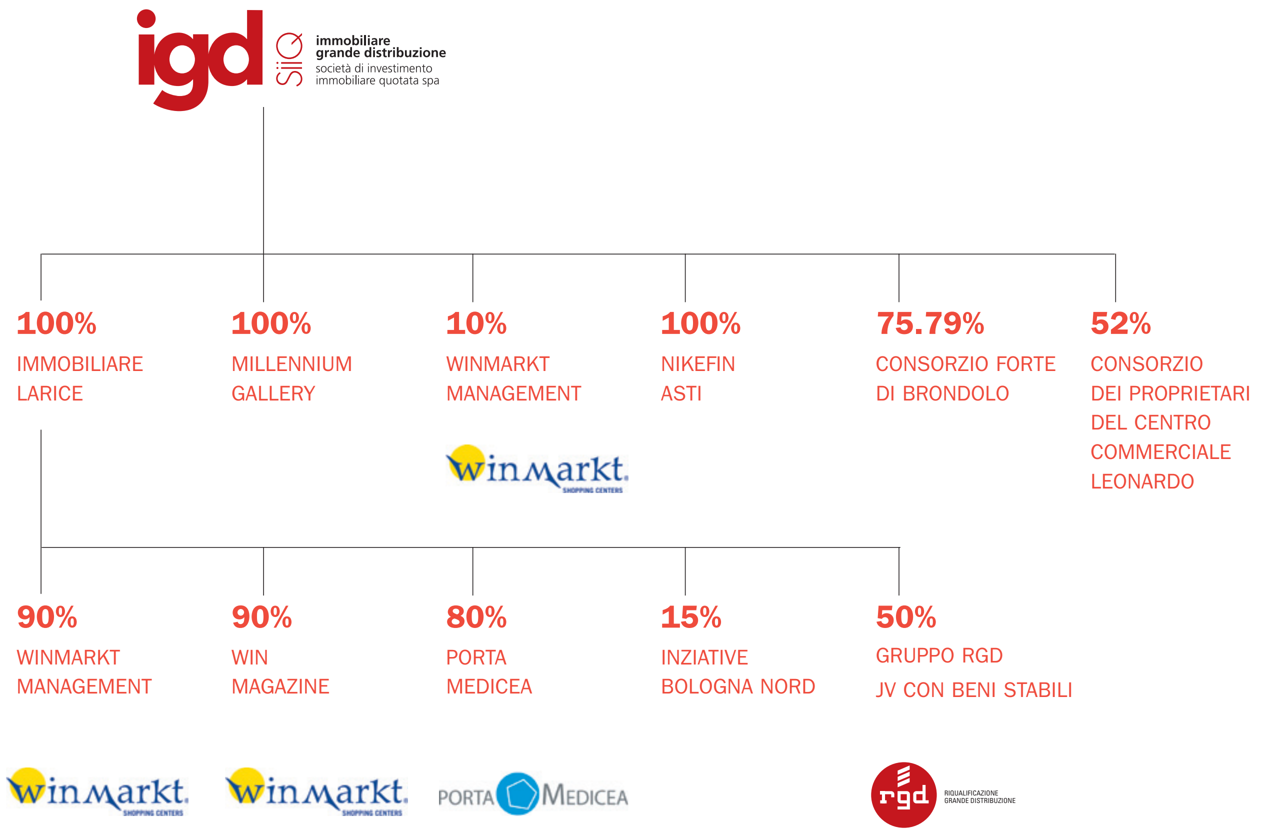
Today IGD is entering a second stage of development, focused on the **dynamic management of investment portfolios.**
In light of the increased cost of capital and the difficulty in accessing bank credit, the projects which are already in the pipeline or for which preliminary contracts have been signed are being reconsidered in order to understand whether or not the expected returns are still attractive given the new credit terms and if the project is sustainable; if the answers are negative, the project will be renegotiated or abandoned.

At the same time IGD is increasing its **focus on efficient management**. In order to ensure that the operators in its centers have healthy income statements, key to the long term visibility of revenues, IGD has always maintained sustainable rental charges. Along with this characteristic, which continues to be a distinguishing quality, today the Group is concentrating on more efficient management of the overhead costs which are managed on behalf of the operators themselves.

One of IGD's strategic objectives is also to **optimize the Group's financial structure** through the use of financial leverage and management of interest rate risk.

Financial stability and flexibility are key to valid management strategies and, therefore, to effective **real estate portfolio enhancement**.

1.5 | Corporate Organizational Chart



The organizational chart at 31 December 2008 reflects the Group's new structure, following the transformation of IGD into a Società di Investimenti Immobiliare Quotata.

Immobiliare Larice, a wholly owned subsidiary of IGD, has become the sub-holding which holds the majority of the operations which are not included in SIIQ's scope of consolidation. Immobiliare Larice's holdings, therefore, include:

- **90% of WinMagazine** - the remaining 10% is controlled directly by IGD SIIQ SpA, as per Romanian law which requires that there be at least two different shareholders;
- **90% of WinManagement**, the company which employs the team of Romanian managers which IGD acquired along with WinMagazine;
- **80% of Porta Medicea**, the requalification and real estate development project of Livorno's seafront;
- **the stake in RGD Riqualificazione Grande Distribuzione**, the 50-50 joint venture with Beni Stabili involved in the purchase and enhancement of existing commercial centers with redevelopment potential.

1.6 | Activities

IGD's business activities include two distinct divisions:
1. Property development and portfolio management;
2. Marketing and network management.

1. Property development and portfolio management

Property Development

Before going forward with any development IGD follows a clear evaluation procedure in order to understand the viability of a new investment.
In the preliminary phase IGD analyzes, including with the help of specialized consulting companies:

- The demographics of the customer basin found in the area where the commercial center is located or will be located;
- The presence or possible presence of competitors;
- The spending capacity of the commercial center's potential customers.

The feasibility study of each individual project includes a valuation of the possible returns on the investment – based on the assumption of a certain flow of revenues and the cost of the property – compared to the structure and cost of debt.
These criteria were rigorously applied to the transactions closed in 2008: the commercial center in Asti, the shopping mall in Gorizia, the land in Conegliano, the Lungo Savio di Cesena center and the Gran Rondò shopping mall in Crema. Each investment is looked at on a stand alone basis, therefore the cash flows generated by another property are never used to finance the acquisition of a new center.
In 2008 the increased cost of debt and greater level of commercial risk increased the initial returns necessary to justify the new investments. The commercial risk varies, obviously, based on the location of the property. Given the cost of capital, the initial returns necessary to justify the investment are, therefore, higher where the commercial risk is greater.
IGD completed its most important acquisition in 2008; the purchase of the entire chain of 15 WinMagazine commercial centers in Romania. In this instance, also, where facilities were already operative, IGD proceeded with the deal only after months of due diligence; the intial yield of 10.5% was deemed adequate enough to compensate for the investment's intrinsic risk.

Portfolio Management

IGD's real estate assets are of good quality thanks to the routine maintenance of the systems, stairs, elevators and parking carried out which calls for an average yearly investment of approximately €100,000 for each center.
These activities are managed directly by the Directors of the Commercial Centers who, as they are on site, can monitor each individual activity. Several of these activities, even though IGD defines them as "ordinary", result in a fresh look for some of the units in preparation for new businesses within the mall.
Asset management, an integral part of our property management activities, involves extraordinary maintenance, precisely structural works which may include, for example, roofing, systems, substitution of heating and cooling units. Improvements (expansion, restyling), which guarantee that the structures meet the changing needs of consumers, are also considered part of Asset Management.
In 2008 the main projects included the parking areas in Afragola and Pesaro, in addition to the design of the expanded ESP center in Ravenna. Around several different centers IGD improved accessibility and restyled formats – as in the case of Centro Nova where the ceilings, flooring and lighting were completely re-done.
The entire portfolio was subject to updates in order to ensure compliance with new norms and regulations, as well as improve certain functions.

2. Marketing activities and network management

Marketing Activities

The focus of the marketing activities is the preparation of a marketing strategy for the commercial center, for both new (pre-letting) and restyling projects, as well as for shopping mall tenant turnover management: this involves finding the right merchandising mix and tenant mix.
The professionals which are part of IGD's commercial teams – typically individuals who have matured their entire professional experience within the Group – have a complete picture of both the objectives of each single product and the market as a whole.
In order to optimize the relationships with the tenants, the senior team members are responsible for the most important national and international brands. They seek to develop an ongoing relationship with the operators that in some ways works more like a partnership and to assist during the contract renewal process.

The marketing strategies reflect the standards which are typical of the cooperative to which IGD belongs: great attention is, therefore, paid to satisfying the needs of all the operators. IGD is not a "pure" real estate company interested in maximizing revenues in the short term in order to get a higher sales price, but IGD normally gets involved with the center from its inception and follows the management for a longer period of time. IGD's goals, therefore, may very well be the same as the tenants as IGD's customers are also the consumers.

Contract Management

Contract management is another activity in which the Marketing and Network Management division is involved. This segment works very closely with marketing and is responsible for translating the agreements made into contracts and to manage them over time which may include credit recovery, as well as the definition of accessory services (general and insurance).

Network Management

Network management of the commercial centers, both freehold and third party, makes up the third segment. Within each center there are IGD team professionals who develop promotional and advertising campaign projects and who are responsible for general services and a series of activities which are part of the ordinary operation of each center such as security, cleaning, various utilities: the so-called Facility management that IGD oversees for the tenants.
In 2008 the two divisions – Property development and portfolio management, along with Marketing and network management – worked together in order to help tenants save on management expenses in order to limit the operators' overall costs and to avoid putting pressure on rents.
More in detail, during the second part of 2008 radical changes took place in the way name brands, primarily the international ones, approached new openings in Italy. If previously the idea was to have a presence in all the new centers opening up in order to defend market share, as of the second half of 2008 many brands downsized their investment plans. This rendered marketing policies more complex.
The changed market scenario generated more pressure to reduce rents. This phenomenon was dealt with on a case by case basis, by comparing the rental and management expenses with the operators performance. In the event a brand's commercial performance was found to be disappointing, IGD sought to substitute it, preferring to invest – in terms of deferred payments and discounted rents – in operators capable of better meeting the changing demand. If IGD finds the rent is not sustainable for an operator in the near term and if there is genuine interest in maintaining the presence in the mall, only then will a specific "rescue" plan be considered.
This type of approach has made it possible to avoid critical situations such that IGD's revenue targets were at risk.
The Company believes that during this new consumer crisis it should focus not only on general cost control and possible microeconomic incentives but also on innovation. For this reason, even if the merchandise mix in the malls has not changed significantly, IGD has sought out new brands, which interpret products in a new way capable of attracting new customers. The presence of new brands – the successful international brands above all – also makes it possible for IGD to overcome one of the limits of Italian malls, repetitive commercial formats.
To the extent that food is no longer the anchor that it was in the past, today IGD is focusing on electronics and sports for medium sized areas and on "fresh" clothing brands. The way in which IGD manages restaurant facilities has also changed based on the location of the center and the traffic generated at lunch and dinnertime.

1.7 | The Stock (including ownership structure)

IGD SIIQ's shares are traded on the Italian Stock Exchange's STAR segment as part of the real estate sector. The minimum lot is €1.00.

IGD SIIQ SpA's share capital at 31 December 2008 was comprised of 309,249,261 shares with a par value of €1.00.

IGD's ticker symbols:

RIC: *IGD.MI*
BLOOM: *IGD IM*
ISIN: *IT0003745889*

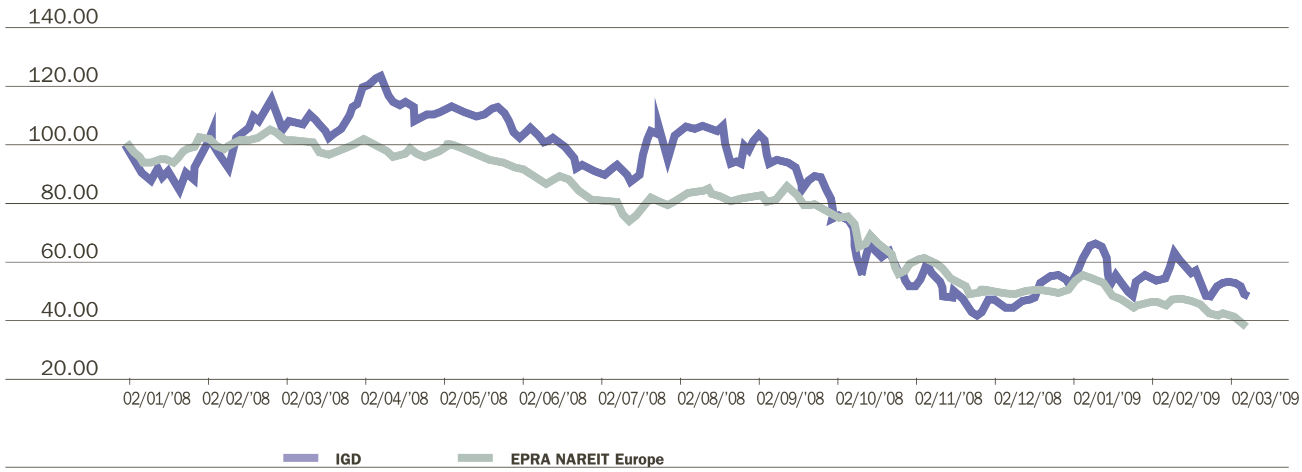
Indices in which IGD is included:

FTSE EPRA/NAREIT Global Real Estate Index - EPRA:
European Public Real Estate Association;
Euronext IEIF REIT Europe - IEIF:
Institut de l'Epargne Immobilière et Foncière;
GPR REIT Index - GPR :
Global Property Research.

The Stock's Performance

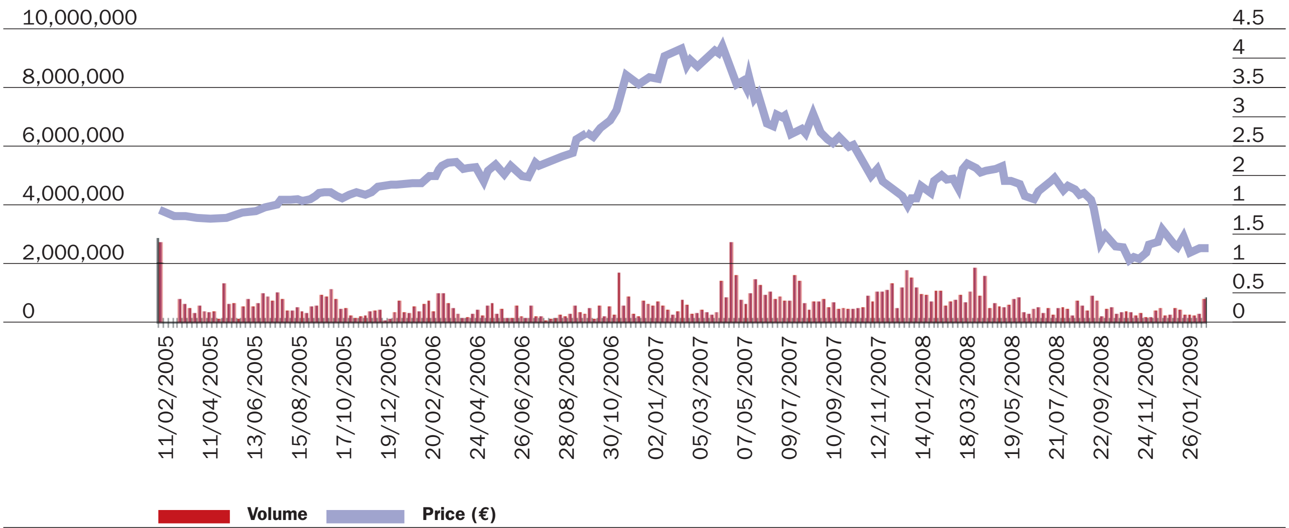
The performance of IGD's stock in 2008 reflected the extremely negative valuations which weighed on the real estate sector as a whole. IGD, however, outperformed the European sector index – EPRA NAREIT Europe – in the period between March and September 2008 following the market's positive reception of the Romanian acquisition and the transformation of the company into a SIIQ.
Recently IGD's stock has started to outperform the index once again; between 2 January 2009 and 6 March 2009 the index dropped 29.4% while the price of IGD stock fell 13.3%.

IGD / EPRA NAREIT Europe



The following graph shows the price of IGD's stock to date: after a phase in which it rose constantly, through the end of May 2007, the trend reversed and the stock touched its all-time low of €0.80 on 25 November 2008. From the low through 6 March it has recovered 22.5%.

Share price/NNAV



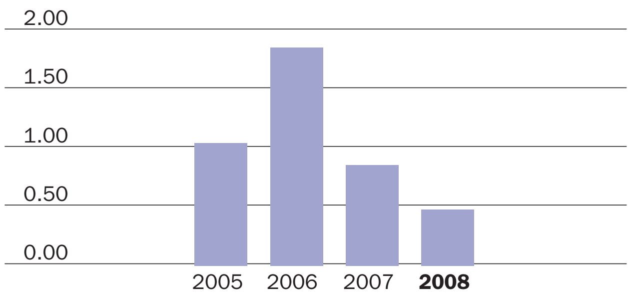
The NAV

The NNAV per share calculation follows.

NNAV per share		FY 2008	FY 2007
Market value freehold properties	A	1,423.20	1,007.80
Investment and land	B	1,421.24	1,004.82
Potential capital gains	**C=A-B**	**1.95**	**2.98**
Net equity		742.88	741.17
Value of treasury shares (incl. Commissions)		22.25	0.00
Adjusted net equity	**H**	**765.13**	**741.17**
IGD's current stock price	**31-DIC-08**	**1.13**	**0.00**
Potential capital gain/(loss) on treasury shares	**D**	**-9.74**	**0.00**
Total gain	**E=C+D**	**-7.79**	**2.98**
NAV	**F=E+H**	**757.34**	**744.15**
Number of shares	G	309.25	309.25
NAV per share	**F/G**	**2.45**	**2.41**
Tax rate		31.4%	31.4%
Total net capital gain	**I**	**-8.40**	**2.04**
NNAV	**L=H+I**	**756.73**	**743.21**
NNAV per share	**M=L/G**	**2.45**	**2.40**

In the NAV calculation, the potential capital gain refers to land (recognized at book value) and to the Darsena City building, which is listed at book value among assets under construction. NAV increased by 1.66% with respect to December 2007, while NNAV rose by 2.08%.
NAV thus calculated is net of taxes and costs (triple net NAV), as in the market value appraisal these are already deducted from the cash flows generated by the assets. It should also be noted that NAV is static and does not take account of the preliminary contracts signed to date, the down payments for which are recognized as assets under development.
The following graph shows the stock price/NNAV ratio from 2005 through 2008.

Share price/NNAV



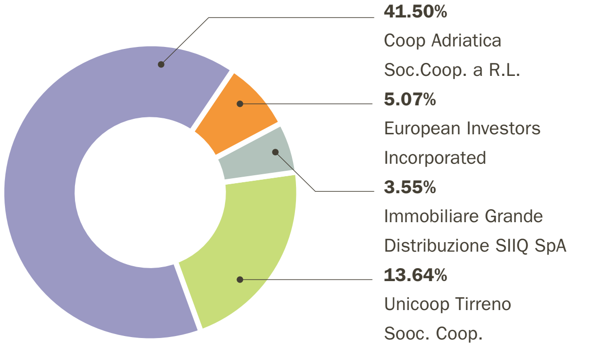
Buyback of treasury shares

Between 8 January 2008 and 30 June 2008 IGD repurchased a total of 10,976,592 treasury shares, amounting to 3.549% of the share capital, for a total of €22,141,778, before commissions. The buyback program was concluded.
The average carrying price per share of €2.02 is well below the price that the Company feels reflects the stock's fair value and, therefore, the investment has interesting potential going forward.

The Ownership structure

The pie chart below shows the main shareholders with an interest of more than 2%.

The Ownership structure



Dividend

IGD's Board of Directors will propose that the Shareholders' Meeting to be held on April 23rd approves the distribution of a dividend of €0.035 per share, a change of -37,5% over the prior year.

Investor Relations

In 2008 IGD continued its dialogue with investors through the use of different means and initiatives.

IGD has significant qualified coverage, at the moment 12 brokers, four in Italy and six abroad, cover the stock.
In 2008 Societé Generale and Banca Akros began to cover the stock and as of the beginning of 2008 through today no analysts have interrupted their coverage.

In the past year the Company held three conference calls with analysts and investors: to discuss the yearly results, to explain the acquisition in Romania and to discuss the half-yearly results.
IGD also organized several roadshows in 2008 and visited all of its most important international investors.

The dialogue with retail investors was also intensified, thanks above all to the Newsletter, published in Italian four times a year. Each new Newsletter is available on the company's website (www.gruppoigd.it) a week after the publication of the quarterly, half-yearly and yearly results in the section Investor Relations/Retail Investors.

1.8 | CBRE Appraisals

CB RICHARD ELLIS
PROFESSIONAL SERVICES
CB Richard Ellis
Professional Services SpA
Via del Lauro 5/7
20121 Milano
Tel. 02 655670 1
Fax 02 655670 50
www.cbre.com

Milan, 12 March 2008

Igd
Immobiliare Grande Distribuzione S.p.A.
Via Villanova 29/7
40055 Villanova di Castenaso (BO)

CONTRACT N. 4219

CERTIFIED APPRAISAL OF THE IGD GROUP'S FREEHOLD PROPERTIES AT 31.12.2008, OF THE FREEHOLD PROPERTIES OF GRUPPO I.G.D. S.I.I.Q. S.p.A.

INTRODUCTION

Pursuant to your requests, we have determined the following:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices and retail shops.

We carried out our appraisal of the above mentioned market values at 31 December 2008 on the basis of the criteria described below.
The purpose of our valuation was to define the market value of the company's real estate assets.

DEFINITION OF MARKET VALUE

Pursuant to the 6th and last edition of the "RICS Appraisal and Valuation Manual" ("The Red Book") published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the Market Value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgably, prudently, and without compulsion.

VALUATION CRITERIA

The appraisals are based on generally accepted valuation criteria; specifically the following criteria were applied to the different types of assets:

For **the shopping malls**:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **hypermarkets and the supermarkets**:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **offices, stores and office buildings**:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
- Income capitalization method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The valuations obtained are then compared and adjusted as deemed appropriate.

LIMITS OF THE PRESENT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows. No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist. Therefore we performed the valuation assuming that the subject properties are compliant with in-force urban planning regulations and with their existing use at the date of the valuation.

MARKET INSTABILITY

The current crisis in the global financial system, including the failure or rescue of major banks and financial institutions, has created a significant degree of uncertainty in commercial real estate markets across the world. In this environment, it is possible that prices and values could go through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. The lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of these assets in the short term and we would recommend that the situation and the valuations are kept under regular review and specific marketing advice is obtained should you wish to effect a disposal.

(in accordance with The RICS Appraisal and Valuation Standards, Sixth Edition, section GN 5).

CBRE
CB RICHARD ELLIS
PROFESSIONAL SERVICES

VALUATION

Assuming that no restrictions or limitations of any kind or extraordinary costs of which we are not aware, with the exception of the general and specific items described above, exist, we estimate the market value of IGD's freehold real estate portfolio at 31 December 2008 to be:

Market value Italian portfolio: €1,144,130,000.00
(One billion one hundred forty-four million one hundred thirty thousand and zero hundredths euros)

Market value Romanian portfolio: € 200,100,000.00
(Two hundred million one hundred thousand and zero hundredths euros)

Total market value of I.G.D. S.I.I.Q. S.p.A.'s portfolio: €1,344,230,000.00
(One billion three hundred forty-four million two hundred thirty thousand and zero hundredths euros)

Sincerely,

CB Richard Ellis
Professional Services S.p.A.

Francesco Abba
Managing Director

CBRE
CB RICHARD ELLIS
PROFESSIONAL SERVICES

CB RICHARD ELLIS
PROFESSIONAL SERVICES

Milan, 12 March 2008

Igd
Immobiliare Grande Distribuzione S.p.A.
Via Villanova 29/7
40055 Villanova di Castenaso (BO)

CONTRACT N. 4219

CERTIFIED APPRAISAL OF THE IGD GROUP'S FREEHOLD PROPERTIES AT 31.12.2008, OF THE FREEHOLD PROPERTIES OF GRUPPO I.G.D. S.I.I.Q. S.p.A. EXCLUDING THE LAND FOUND IN CHIOGGIA, RAVENNA, SAN BENEDETTO DEL TRONTO, CONEGLIANO VENETO, LIVORNO AND ISOLA D'ASTI, INCLUDING THE REAL ESTATE PORTFOLIO IN ROMANIA

INTRODUCTION

Pursuant to your requests, we have determined the following:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices and retail shops.

We carried out our appraisal of the above mentioned market values at 31 December 2008 on the basis of the criteria described below.
The purpose of our valuation was to define the market value of the company's real estate assets.

DEFINITION OF MARKET VALUE

Pursuant to the 6th and last edition of the "RICS Appraisal and Valuation Manual" ("The Red Book") published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the Market Value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgably, prudently, and without compulsion.

VALUATION CRITERIA

The appraisals are based on generally accepted valuation criteria; specifically the following criteria were applied to the different types of assets:

For **the shopping malls**:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **hypermarkets and the supermarkets**:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **offices, stores and office buildings**:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
- Income capitalization method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The valuations obtained are then compared and adjusted as deemed appropriate.

LIMITS OF THE PRESENT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows. No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist. Therefore we performed the valuation assuming that the subject properties are compliant with in-force urban planning regulations and with their existing use at the date of the valuation.

CBRE
CB RICHARD ELLIS
PROFESSIONAL SERVICES

MARKET INSTABILITY

The current crisis in the global financial system, including the failure or rescue of major banks and financial institutions, has created a significant degree of uncertainty in commercial real estate markets across the world. In this environment, it is possible that prices and values could go through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. The lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of these assets in the short term and we would recommend that the situation and the valuations are kept under regular review and specific marketing advice is obtained should you wish to effect a disposal.

(in accordance with The RICS Appraisal and Valuation Standards, Sixth Edition, section GN 5).

VALUATION

Assuming that no restrictions or limitations of any kind or extraordinary costs of which we are not aware, with the exception of the general and specific items described above, exist, we estimate the market value of IGD's freehold real estate portfolio at 31 December 2008 to be:

Market value Italian portfolio: € 994,480,000.00
(Nine hundred ninety-four million four hundred eighty thousand and zero hundredths euros)

Market value Romanian portfolio: € 200,100,000.00
(Two hundred million one hundred thousand and zero hundredths euros)

Total market value of I.G.D. S.I.I.Q. S.p.A.'s portfolio: €1,194,580,000.00
(One billion one hundred ninety-four million five hundred eighty thousand and zero hundredths euros)

Sincerely,

CB Richard Ellis
Professional Services S.p.A.

Francesco Abba
(Managing Director)

CBRE
CB RICHARD ELLIS
PROFESSIONAL SERVICES

1.9 Notice of the Annual General Meeting

Notice of call of the ordinary shareholders' meeting

Shareholders are hereby summoned to attend an ordinary shareholders' meeting to be held in IGD's registered office in Ravenna, Via Agro Pontino 13, with hall entrance from Villa Glori 4, on 23 April 2009 at 4 p.m. in first call and in second call on 24 April 2009, in the same place and at the same time, to discuss and resolve on the following

Immobiliare Grande Distribuzione
Società di Investimento
Immobiliare Quotata S.P.A.
Registered office:
Ravenna (RA), Via Agro Pontino 13,
C.A.P. 48100
Corporate Register and Tax ID No.:
00397420399
RAVENNA Company Register No.:
88573
Share capital: € 309,249,261.00
fully paid-in

Agenda

1. Financial statements at 31.12.2008; Directors' Report on Operations; External Auditors' Report; the Board of Statutory Auditors' Report. Presentation of the consolidated financial statements at 31.12.2008; related and subsequent resolutions.
2. Appointment of the members of the Board of Directors, the number of members and the term of office; the Board of Directors' compensation;
3. Appointment of the Board of Statutory Auditors for the three year period 2009-2011; appointment of the Chairman of the Board of Statutory Auditors; the Board of Statutory Auditors' compensation;
4. Revocation of the Board of Directors' current authorization for the repurchase of treasury shares and the granting of new authorization;
5. Miscellaneous and various.

Attendance of the Shareholders' Meeting

In accordance with Art. 2370 of the Italian Civil Code and Art. 12 of the Bylaws, the shareholders' meetings may be attended by shareholders with voting rights who have presented the company with the necessary notification pursuant to Art. 2370 of the Italian Civil Code issued as per the law by an intermediary authorized under Art. 23 of the Bank of Italy's and Consob's Joint Regulations dated 22 February 2008 with regard to "Centralized clearing houses, guarantees and intermediaries" at least two business days prior to the date of the meeting (precisely, in first call, by and not beyond 20 April 20 2009 and, in second call, by and not beyond 21 April 2009)
In order to facilitate registration shareholders are asked to arrive earlier than the time of call with a copy of the above mentioned notification. Each shareholder entitled to attend the meeting may be represented via a proxy as provided for by law. The registration procedures will begin at 15.45.

Appointment of the Corporate Bodies

The Board of Directors and the Board of Statutory Auditors will be appointed in accordance with Articles 16 and 26 of the Bylaws.
The members of the Board of Directors and the Board of Statutory Auditors will be nominated based on the lists filed by the shareholders, in which the candidates must be listed in numerical order until all the positions to be filled are covered.
Pursuant to Art. 16 of the Bylaws, the lists may be presented by the shareholders who, singly or together with others, possess the number of shares required under CONSOB regulations (precisely 2.5% of the share capital) and must be filed at the company's registered office ***at least 20 days prior*** *to the date of the shareholders' meeting in first call (by and not beyond 2 April 2009). In order to demonstrate ownership of the necessary shares, shareholders must also file the certification entitling them to attend the shareholders' meeting at the registered office.*

Each shareholder, the Parent Company, the subsidiaries and those subject to joint control pursuant to Art. 93 of Legislative Decree 58/1998, as well as shareholders who are members of shareholder pacts as per Art. 122 of Legislative Decree 58/1998, may not present or cause to be presented, either directly or indirectly, more than one list and may not vote, either directly or indirectly, for lists different than the one presented. The votes cast in violation of this rule will not be counted.
No candidate may appear on more than one list. A candidate's appearance on more than one list is no longer eligible for election. Each shareholder is entitled to vote for only one list.

Appointment of the Board of Directors

In addition to the above, pursuant to Art. 16 of the Bylaws, in order to be appointed Director each candidate must possess the requisites provided for by law and the current norms and regulations.
Each list must include ***at least two candidates, indicated separately, who qualify as independent candidates under the law.*** *Any lists presented which do not comply with the above will not be considered.*
A declaration in which the candidates irrevocably accept the appointment (subject to nomination) and in which they confirm their eligibility, that no causes for incompatibility or conflict of interest exist and that they possess the necessary requisites under the law and these Bylaws and that same have not lapsed must be attached to the lists. A curriculum vitae for each candidate must also be filed.

Appointment of the Board of Statutory Auditors

In addition to the above with regard to the appointment of corporate officers, the Statutory Auditor candidates must posses the requisites provided for by law, these Bylaws and the other applicable norms and regulations.
For the purposes of judging the qualifications of those with at least three years of professional experience in:

a) *Professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;*
b) *management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:*
- *all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;*
- *sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.*

A declaration in which the candidates irrevocably accept the appointment (subject to nomination) and in which they confirm their eligibility, that no causes for incompatibility or conflict of interest exist and that they possess the necessary requisites under the law and these Bylaws and that same have not lapsed must be attached to the lists.
The declarations in which each candidate attests to the fact that he/she has not violated the limits of multiple appointments as per the current law, as well as detailed information about the candidate's personal and professional background must be attached to each list.

Documentation related to the Agenda

The documentation needed to present the lists will be made available at the Company's registered office in Ravenna, Via Agro Pontino 13, with hall entrance from Villa Glori 4 on business days, Monday through Friday, from 8.30 to 13.00 and from 14.00 to 17.30.
The Board of Directors' Report and the proposed resolutions to be included in the Agenda of which the Shareholders are entitled to a copy will be made available at the company's registered office and the Italian Stock Exchange (Borsa Italiana S.p.A.) within the period provided for at law. [The documentation will also be made available on the corporate website: www.gruppoigd.it.]

Villanova di Castenaso (BO),
March 12th, 2009

The Chairman of the Board of Directors
signed
Gilberto Coffari

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2

Consolidated financial statements
at 31.12.2008

2.1 | Directors' Report

Dear Shareholders,

The directors' report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents.

The consolidated financial statements at 31 December 2008 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ SpA and other Group companies as listed in the paragraph related to the scope of consolidation.

Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where clearly specified. These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards.

2.1.1 IGD in 2008

On 7 January 2008 IGD held an Ordinary Shareholders' Meeting during which shareholders authorized the Board of Directors to purchase a maximum number of 30,924,926 shares of the Company's own common stock, having a par value of €1.00 per share, or 10% of current share capital, i.e. up to the legal limit, including by means of options or financial instruments such as derivatives of IGD stock, in one or more tranches, for 18 months from the date of the resolution passed by the Shareholders' Meeting. The amount stated above was covered by the available reserves as disclosed on the last regularly approved annual report.
The authorization to purchase and dispose of treasury shares is intended to pursue goals in the Company's interest as allowed under applicable legislation, including the following: (i) trading, hedging and arbitrage operations; (ii) to invest liquidity; (iii) to allow for the use of treasury shares in transactions related to current operations and business projects in accordance with the strategic guidelines pursued by the Company, in relation to which opportunities arise to exchange, swap, contribute or otherwise dispose of said shares.
The Board of Directors met after the Shareholders' Meeting and resolved to approve the Buyback Plan of up 20,101,200 ordinary shares, equal to 6.5% of the share capital, on the regulated market for up to a maximum total amount of €56 million in order to invest liquidity as follows: "The Buyback plan will begin on 8 January and will end once a total of 6.5% of the share capital or the maximum amount of €56 million has been reached and, at any rate, not beyond the date of 30 June 2008, equal to 112 trading sessions".
The maximum price at which IGD's shares may be repurchased may not exceed the lower of the following prices:

a) the average official price of the previous nine month of market trading as of today , equal to €3.05 per share

b) the stock's Official Closing Price ("Prezzo Ufficiale" as defined by the Italian Stock Exchange) recorded during the market session prior to each individual purchase transaction, plus 20%.
The maximum number of shares of IGD's common stock that may be purchased on a daily basis may not exceed 25% of total daily trading volume and, in any event, cannot exceed 300,000 shares.

The shares purchased under the Buyback Plan may not be set aside for current or future Stock Option Plans and may not be disposed of until the date of approval of the half-yearly financial statements as of 30 June 2008.

At the end of June 2008 the Buyback Plan ended after the company had purchased a total of 10,976,592 ordinary shares equal to 3.549 % of the share capital for a total of €22,141,778 before accessory costs.
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 n. 296 of 27 December 2006 and notified the Tax Authorities pursuant to the Tax Authority's provisions effective as of 28 November 2007 (for further details on the regulatory framework please refer to Chapter 2.1.3.3.)
On 23 April 2008 IGD Siiq spa's ordinary Shareholders' Meeting met to approve the annual report.
On 27June 2008 and 27 August 2008 the Board of Directors approved respectively the merger project and the merger by incorporation of the wholly-owned subsidiary M.V. srl in IGD SIIQ spa. The merger transaction is in line with the Group's extensive reorganization plan designed to create a slimmer and more efficient corporate structure.
On 29 October 2008 merger by incorporation of the company M.V. srl in the company IGD SIIQ spa was finalized effective as of 3 November 2008 for legal purposes but for tax purposes, and the financial statements, as of 1 January 2008.

2.1.2. Investments

In 2008 the IGD Group was the protagonist of an important preliminary agreement for the purchase of 15 commercial centers and a property rented to a bank in Romania, thus continuing to pursue its objective to expand internationally. Negotiations were begun and significant preliminary agreements were signed for the purchase of commercial centers under construction in Italy.

Multifunctional Center in Livorno

On **18 February 2008** the company Società Porta Medicea srl was formed of which Immobiliare Larice srl has a share of 80% while the remaining 20% is held by Azimut-Benetti spa. Società Porta Medicea took over the commitments made by IGD and on 20 March 2008 signed the definitive purchase contract for the area and the real estate. On the same date the Parent Company IGD Siiq spa signed a preliminary contract with Porta Medicea for the commercial complex to be realized on the property owned by Porta Medicea. The multifunctional center in Livorno will be built in a vast area reaching a GLA of 70,616 m². The new real estate complex will be zoned for different uses (residential, commercial, services and hospitality) and will be built over the next six years. The Piazza Mazzini urban works will begin in the year. Total revenues of between €220 to €240 million are estimated in the 2009-2013 business plan, while IGD Siiq's investment in the commercial complex will be around €80 million.

Beinasco - Torino

In **April** RGD, 50-50 joint venture between Beni Stabili and IGD, finalized the purchase, including through vehicle companies, of the "Le Fornaci" commercial center in Beinasco. The asset acquired is valued at, including accessory costs, €42.6 million and will be subject to a price adjustment – likely in December 2009 – which will be determined based on the center's rents. The purchase price of the equity investment and portion of the real estate, including accessory costs, was €17.9 million in addition to assumption of the remaining lease equal to €18.9 million. Preliminary purchase contracts were also stipulated for the acquisition, by September 2008, of additional commercial units currently in the process of being restructured. RGD gestioni s.r.l., a company involved in the management of commercial centers, was also formed.

Win Magazin SA.

On **29 April** the IGD SIIQ Group, pursuant to a preliminary agreement signed at the end of March, acquired 100% of the share capital of the company Win Magazin SA for a total of €191.78 million including accessory costs. Following the price adjustment provided for in the contract in September, the definitive price was listed at €192.17 million. The investment was made in partnership with INPARTNER SpA, a company specialized in large real estate development projects and asset management, to which a minority share of 10% in the company Win Magazin S.A. was sold.

The company owns a real estate portfolio in Romania, comprised of 15 Winmarkt brand commercial centers covering a total of 147,000 m², in addition to a property rented in its entirety to a bank. The sellers were Ivington Enterprises Ltd. and Broadhurst Investment Ltd, part of the NCH Capital Group, an American private equity firm.
Total annual rent in 2008 of the 16 properties in the Winmarkt Magazine SA portfolio was estimated, at the time of purchase, at approximately €19.138 million, while the actual figure was €20.14 million. Gruppo IGD Siiq's portion of revenues from the date of purchase through 31 December 2008 totaled approximately €13.355 million.
The commercial buildings in the portfolio purchased have an average GLA (Gross Leasable Area) of 9,000 square meters (m²) and are found in unique, irreplaceable locations: the majority of them are found in the busiest areas of 13 different Romanian cities with populations that vary in size from 100,000 to 300,000 (Plojesti, Buzau, Cluj, Bistrata, Galati, Braila, Alexandria, Piatraneamt, Ramnicu Valcea, Slatina, Tulcea, Turda, Vaslui).These areas have undergone intense industrial, demographic and urban development thanks to the investments made in the past few years by large foreign industrial groups.
IGD also purchased, for €184,818, 100% of the shares in the company Winmarkt Management which, thanks to its specialized personnel, provides agency and facility management services. At the end of August, following the price adjustment provided for in the contract, the definitive price was set at €184,818. IGD intends to continue to work with the current management while integrating the existing organization with its own resources in order to create a team of professionals capable of taking advantage of local development opportunities as they arise.
The real estate enhancement will also focus on the exploitation of the non commercial potential of the properties, as well, including with a view to sell IGD's "non-core" assets.
The project calls for an initial period of stabilization and optimization during which IGD will make the most of the initial return and its ability to generate cash for investments.
IGD also signed a preliminary agreement for the purchase of another commercial center in Carpati Sinaia; the preliminary agreement will be finalized within thirty months after the seller has completed restructuring and redevelopment. The purchase price was already set at €16.24 million, subject to having reached rents of at least €1.35 million. It is likely that the deadline indicated will not be met resulting in the probable cancellation of the preliminary contract.

Shopping mall in the city of Gorizia.

In line with the targets indicated in the business plan at the **end of May**, a preliminary agreement for the purchase of a shopping mall in the city of Gorizia was signed.
The project calls for the construction of a commercial center, comprised of a hypermarket and a shopping mall

with a GLA of approximately 14,300 m2. The commercial center should be opened in the first half of 2011.
IGD has committed to acquiring the shopping mall for €49 million.

New headquarters.

In the month of **July** a preliminary contract for the purchase of a property where the headquarters of the IGD Siiq Group will be transferred was signed. The investment comes to €7.35 million.

Cancellation of the Spilamberto Commercial Center contract.

In order to optimize the expected returns of the investment plan, in November the preliminary contract signed with Le Alte for the purchase of the Spilamberto Retail Park, near Modena, was cancelled. The fact that it would not have been possible to complete the project as per the original agreement would have resulted in a less than attractive return on investment when compared to the cost of financing. Following cancellation of the contract, IGD SIIQ was reimbursed the entire deposit made equal to € 2.9 million.

Conegliano

In order to render the investment more attractive, avoid the risks connected to the construction of a real estate complex, the necessary authorizations and the opening of a commercial center, and in light of the changed market conditions, on **December 11th** IGD SIIQ S.p.A. appointed Coop Adriatica S.c.a.r.l. buyer of the land in Conegliano for which we had signed a preliminary contract. Following this appointment, the down payment and advances totaling €32.61 million made by IGD SIIQ were reimbursed in full.
Coop adriatica will build a commercial center on the land and negotiations are underway for the purchase of single shopping mall after the opening of the center which should take place by the end of 2010. On the same date the company signed a definitive contract for the purchase of the adjacent land where a retail park will be build. The purchase price for the land was €6.66 million, in addition to accessory costs.

Lungo Savio Shopping Mall.

In accordance with the framework agreement signed with Coop Adriatica SCARL in **2005, on December 18th** IGD SIIQ S.p.A. purchased the Lungo Savio Shopping Mall in Cesena which is comprised of 21 shops covering an area with a GLA of approximately 10,800 m^2.
€6 million of the total investment of €18 million was paid up front while the while a mortgage loan was taken out to cover the remaining €12 million.

Isola d'Asti.

On **December 19th,** pursuant to the preliminary contract signed in 2007, the company Nikefin srl was purchased. The company is building a commercial center comprised of 26 points of sale, 4 medium sized areas, a retail park and a hypermarket (which is owned by third parties) which is expected to open in the second half of 2009. Approximately €8.72 million was paid for the company while the total investment, including the debt assumed, amounts to approximately €41.03 million.

Gran Rondò Shopping Mall.

At the end of **December** the company purchased a real estate complex with a shopping mall and an office building located inside the Gran Rondò Commercial Center in Crema. The total investment, including accessory costs, amounted to €53.44 million, €29.3 million of which was paid upon contract stipulation while the remainder will be paid on 30 December 2011.

2.1.3. The Market Scenario

2.1.3.1. The Real Estate Market

The macroeconomic scenario

2008 was a very difficult year for financial and real estate markets worldwide. The effects of the credit crunch, which began in the United States in August 2007, were felt initially in Europe and Italy at the end of 2007 to become abundantly apparent as of August 2008.
The extraordinary expansion in the disbursement of loans and mortgages which had taken place over the past few years in the United States was followed by a substantial decline in the price of housing. As mortgage delinquencies soared, securities backed with these mortgages and loans lost most of their value.

The crisis of the financial markets, whose most illustrious victim was the investment bank Lehman Brothers who filed for bankruptcy in September 2008, along with the crisis of the real estate and related markets had a significant impact on the expected growth of economies worldwide in 2009 to the extent that the primary institutions lowered their growth estimates for GDP and the IMF lowered the estimates for GDP growth in the United States to 0.1%, to 0.2% in the Euro zone and to -0.1% in the United Kingdom (source: the Bank of Italy's Economic Bulletin).

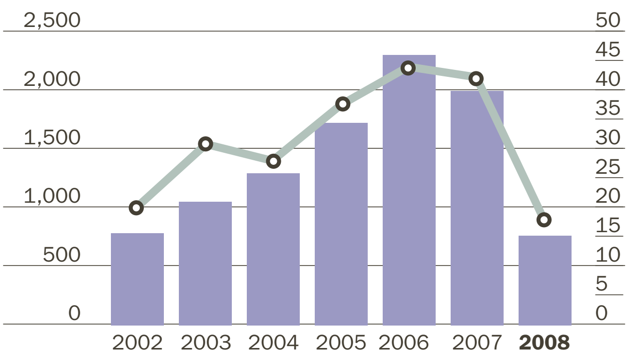
Retail real estate investments in Italy

In 2008 the salient feature of the Italian retail real estate market was a fundamental "freezing" of the transactions.
If we look at the figures, only 18 retail real estate transactions were registered in 2008 compared to 41 in 2007, for a total of €785 million versus €2,000 million in 2007. The transactions dropped -60% over 2007 (see the graphic below on the left, Source: J.L Lasalle).
The standstill can be attributed to two factors; the financial crisis and the subsequent tightening of credit which virtually interrupted the flow of liquidity to investors and the marked difference between the expectations of the sellers and the buyers.
In 2009 we expect to see a stabilizing of real estate prices at lower levels.

Offers of Shopping Mall in Italy

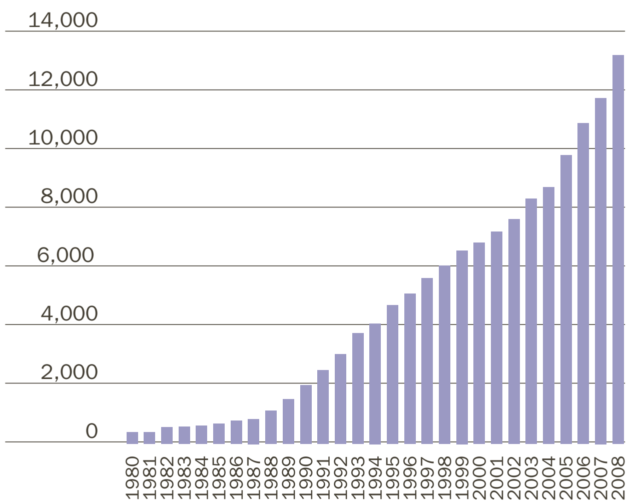
In 2008 46 new centers were opened and 8 already existing centers were expanded in Italy, for a total new GLA of 9,000 m² which brought the stock of commercial real estate at the end of 2008 to more than 13 million m². At year-end 2008 in Italy the density of shopping centers reached 220m² for every 1,000 inhabitants, a level which is higher than the European average of 202 m², but lower than the European countries with more mature real estate markets (for example: United Kingdom 273 m², France 246 m²; Spain 232 m²) (source of data: J. L. LaSalle).

Trend in retail investments in Italy



Value: millions of euros
Source: J.L Lasalle
Volume
Number

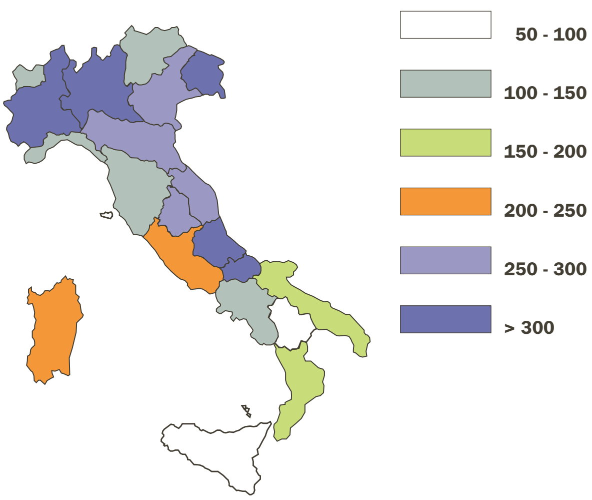
Stock performance



Value in 1,000 m²
Source: J.L Lasalle
Minimum GLA of 5,000 m² and 10 units

In terms of geographical distribution in Italy, the regions of northern Italy reported a density of 252 m^2 for every 1,000 inhabitants, central Italy 196 m^2 for every 1,000 inhabitants and southern Italy 132 m^2 for every 1,000 inhabitants.
Approximately 88% of the stock is comprised of traditional commercial centers (hyper/supermarkets plus a shopping mall), 4% factory outlet centers, 6% retail parks, and 2 % other.
Between 2009 and 2010 it is estimated that a GLA of approximately 4 million m^2 will be opened, split between new openings and expansions of existing centers of all types (commercial centers, outlets, retail parks). Given the market scenario, however, it is very likely that some of the openings will be delayed.
In 2008 sales fell significantly for retailers, above all for certain categories (electronics, footwear) due to the consumer crisis which has been weighing on our country since the end of 2007.
The difficulties encountered by the retailers impacted the commercial center management market, above of the secondary commercial centers. There was a slowdown in the development of major retail chains and in the launch of new openings solely in "prime" commercial centers. There was also a drastic reduction in the willingness to deposit "key money". Furthermore, in the less attractive centers, there was an evermore insistent demand for the renegotiation of rents to the extent that at the end of 2008 there was estimated drop of approximately 20% compared to the end of 2007 (source J.L.Lasalle). The number of insolvencies also increased.

Density by region - 2008



Source: J.L Lasalle

In 2009 there will be a great sense of uncertainty linked to the ability to finance investments which will undoubtedly benefit investors with higher equity capacity (insurance companies, supranational funds, private equity firms).
The uncertainty will also produce important opportunities insofar as it will be possible to make acquisitions at very interesting levels and to select from among the quality products placed on the market by investors who need to increase liquidity in order to reduce debt or obtain new financing.

Romania

From the beginning of the this decade the Romanian economy has grown significantly thanks to the investments made by foreigners who were attracted by the growth potential of the local market, the low cost of labor and the investor friendly fiscal policies (as of 2005 the tax rate is 16%).
In 2007 Romania became part of the European Union, but although the GDP had grown at an average of 5.8% in the period 2000-2008 the country's GDP per capita in 2007 was the next to last of the 27 European Union countries.
In 2009 it is estimated that Romania's GDP will grow by 2% (source: INS, Euristat, CNP 2009), a figure which indicates that, while less than previous years, the country does not run the risk of going into a recession.
The unemployment rate at the end of 2008 was 5.8% and it is expected to reach 6.8% in 2009 (source: INS, Euristat, CNP 2009) due to the return of migrant Romanian workers who had gone abroad and a reduction in national manufacturing activities.
Average inflation in 2008 was 7.9% but it is expected to fall in 2009 while the Ron/€ exchange rate, an average of 3.69 in 2008, is expected to weaken in 2009 reaching levels of around 4.25.

Shopping Mall in Romania

There were 38 commercial centers and retail parks in Romania in 2008 with a GLA of more than 10,000 m^2 representing a GLA of approximately1,429 million m^2. Even if it is expected that there will be a lot of openings in the two year period 2009-2010, in light of the market situation we estimate that a large number of projects will be abandoned or delayed and we expect that by the end of 2009 the GLA will reach approximately 1.8 million m^2 and approximately 2 million by year-end 2010.
In 2007 the average shopping center density was 33 m^2 GLA for every 1,000 inhabitants but the distribution varies greatly from city to city. In Bucharest, the capital, the ratio is 280 m^2 GLA/1,000 inhabitants, only slightly higher than the European average where the ratio is as high as 890 m^2 GLA/1,000 inhabitants in a city of 100,000 inhabitants like Suceava. Many urban centers, however, with more than 100,000 inhabitants are still without commercial centers larger than 10,000 m^2.

Forecast for 2009

There are still development opportunities in the Romanian retail real estate market, above all in the cities with more than 100,000 inhabitants and a very low m^2 GLA/1,000 inhabitants. Given the current economic slowdown, consumers will pay more attention to prices which will force retailers to implement aggressive pricing policies and to prefer locations which are easily accessed by consumers. For these reasons we expect that in 2009 medium sized shopping centers located in urban areas will fare better than larger centers located in outlying areas.

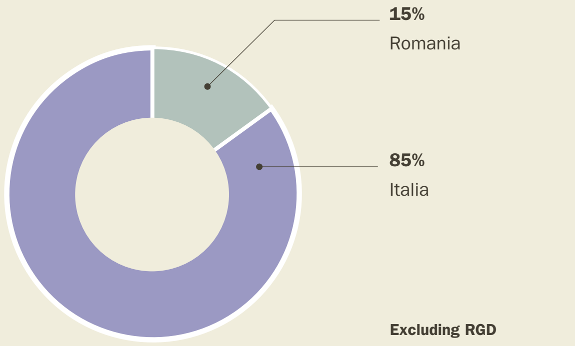
2.1.3.2. The Real Estate Portfolio

The IGD Group's real estate portfolio grew significantly in 2008 thanks to the acquisitions made abroad and the development activities in Italy. The IGD Group's development strategy, however, remained unchanged and at 31 December 2008 the real estate portfolio consisted primarily of commercial (retail) properties located throughout Italy and Romania and of assets under construction which are part of real estate development initiatives underway in Italy. The market value of the IGD Group's real estate portfolio at 31 December 2008 was estimated, based on the independent appraisal of CB Richard Ellis, at €1,344.23 million (a figure which reaches €1,423.2 million if we include the 50% of RGD).
The market value at 31 December 2008 includes assets held for trading worth €70.05 million related to the development of the multifunctional project in Livorno and direct development initiatives with a total value of €79.6 million, €41.8 million of which are related to the shopping mall in Isola d'Asti and €37.8 million to land to be utilized for future expansions and/or new commercial constructions.
The market value of the IGD Group's real estate portfolio at 31 December 2008 on a like-for-like basis (excluding RGD) was basically unchanged over 31 December 2007 and amounted to €949.98 million, an increase of +0.2%.
The stability of the IGD Group's real estate portfolio is attributable to two main factors; the balanced composition of the portfolio which includes a low risk component, related to the hypermarkets, equal to 29% of the entire Italy-Romania portfolio and the efficient management of the shopping malls which, even in a year like 2008 which featured both a consumer crisis and a credit crunch, maintained their market value at 31.12.2007 and fell by only –0.4% to €523.6 million.

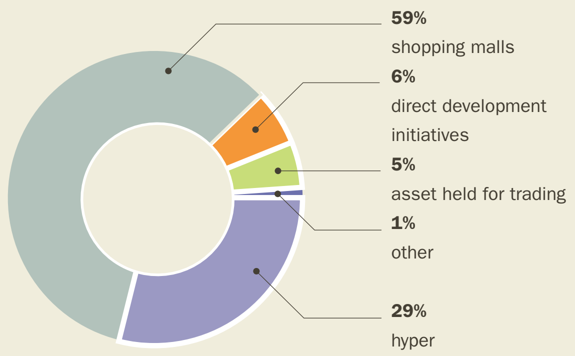
Analysis of the freehold assets
Geographical breakdown and composition of the portfolio

In the spring of 2008 the IGD Group's real estate portfolio (excluding RGD) grew to include the "Romanian" component which at 31.12. 2008 represented 15% of the market value of the total Italian-Romanian portfolio.
The investment in Romania resulted in the consolidation of the shopping mall investment segment vis-à-vis the "hyper" segment, bringing the impact of the former on the market value of the total real estate portfolio to 59%.

Portfolio breakdown in Italy-Romania at 31/12/2008

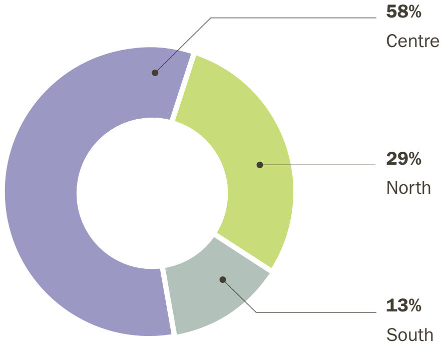


Breakdown of the total portfolio at 31/12/2008



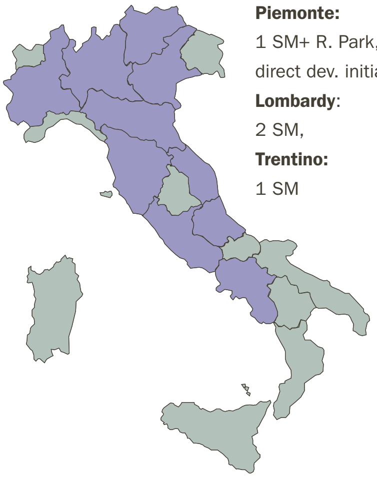
Italy

Breakdown by geographic area in Italy at 31/12/2008



IGD's properties (excluding the 50% interest in RGD) in **Italy** total 36 and can be broken down as follows:

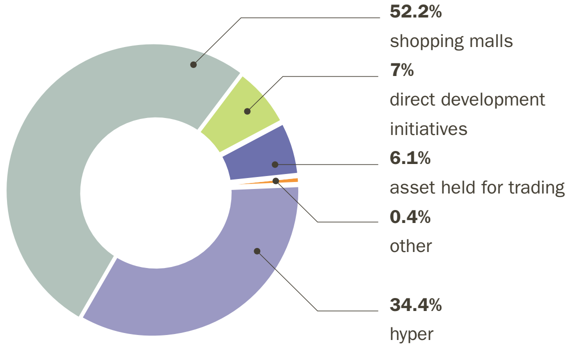
- **12 shopping malls**
- **14 hypermarkets and supermarkets**
- **5 direct development initiatives (4 plots of land, 1 building)**
- **1 asset held for trading**
- **6 other**



Piemonte:
1 SM+ R. Park, 1 direct dev. initiative
Lombardy:
2 SM,
Trentino:
1 SM

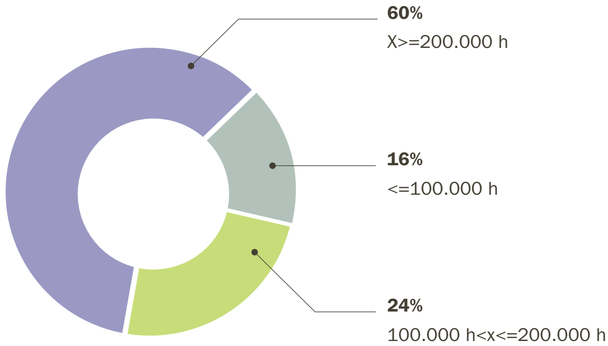
E.Romagna:
3 SM, 4 Hyper,1 Supe
1 plot of land
Marche:
1 SM, 2 Hyper, 1 othe
2 office buildings, 1 plot of land
Abruzzo:
1 SM
Campania:
1 SM
Lazio:
1 SM
Tuscany:
1 SM, 1 asset held fo trading
Veneto:
2 plots of land

Portfolio breakdown in Italy at 31/12/2008



Romania

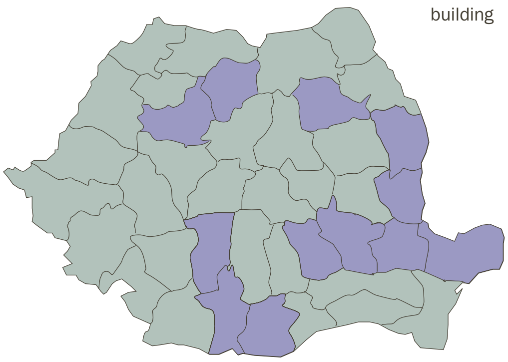
Breakdown by geographic area in Romania at 31/12/2008



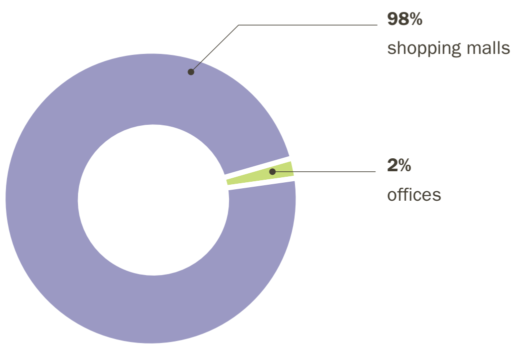
IGD's real estate assets in **Romania** total 16, broken down as follows:

- **15 shopping mall**
- **1 office building**

Romania
15 SM, 1 office building



Portfolio breakdown in Romania at 31/12/2008



RGD

RGD's real estate assets, of which IGD owns 50%, include 3 properties in Italy, which can be broken down as follows:

- **2 shopping malls**
- **1 portion of a shopping mall**

Piemonte:
portion of SM
Lombardia:
1 SM
E.Romagna:
1 SM

Italy (excluding RGD)

Hypermarkets and supermarkets

Hypermarkets and supermarkets are the stable component of the real estate assets. They are leased on a long-term basis to Coop Adriatic Scrl and Unicoop Tirreno Scrl. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings.
The perimeter of the assets is unchanged over 31 December 2007. The occupancy rate is 100%, with an average yield of 6.4% calculated on the market value on a like-for-like basis, showing little change since 2007. The market value of this class of properties, €393.1 million, increased by 1.4% with respect to 31 December 2007. In the current market scenario, the low risk profile along with the drastic reduction in the cost of capital helped to increase value by 1.4% thus making a strong contribution to the stability of the total value of the IGD Group's portfolio.

Shopping malls

Shopping malls are the dynamic portion of IGD's portfolio. At 31 December 2008 the occupancy rate was 99.52% (a slight drop of -0.02% with respect to 31 December 2007). The market value of the shopping malls reached €523.6 million at 31 December 2008, a drop of -0.4% over the prior year. The property that weighed the most on this result was the Sarca mall as the market value fell by -2.5% over 31.12.2007 due to extraordinary maintenance and the decrease in tenants at the cineplex; the drop in fair value net the Sarca mall would have been -0.3%.
The average yield on a like-for-like basis of 6.1%, calculated on market values at the close of the year, was a slight improvement over 2007 (+0.2%); due, above all, to the drop of market value and the renegotiation of several expiring contracts.
In 2008 the Lungo Savio Mall and the Gran Rondò Mall in Crema with a market value of €20.2 million and €53.4 million, respectively, became part of the portfolio bringing the total market value of the shopping malls in Italy at 31.12.2008 to €597.2 million.
The average yield of the two malls in 2008 was, respectively, 6.4% for the Lungo Savio Mall and 6.6% for the Gran Rondò Mall.

Direct development initiatives

Plots of land

IGD owns 4 plots of land where it will build new commercial centers/retail parks or expand existing ones. The market value on a like-for-like basis at 31 December decreased by -4.3%.
The plot of land that had the biggest impact on this result is the one found in Chiaggio as its market value fell by –10.6% with respect to 31.12.2007. To date building permits have been issued, along with the relative commercial licenses, to build 11 commercial complexes in the area. A request for one variance for the construction of a Retail Park has already been filed given the delay in obtaining certain authorizations and, therefore, construction will take longer than expected. The urban works, however, have already been started.
A plot of land in Conegliano was purchased in 2008 where a retail park is to be built next to the adjacent commercial center that is in the process of being completed which will be constructed by CoopAdriatica directly. The necessary permits have already been issued and work should begin in first half 2009.
The market value of the above mentioned plot of land at 31.12.2008, according to an independent appraisal, was €8.7 million.
The total market value of IGD's freehold plots of land in Italy at 31.12.2008 amounted to €37.8 million.

Assets under construction

In 2008 a building in the process of being completed located near Isola d'Asti (AT) which will house a shopping mall became part of the IGD Group's portfolio. The property, in the process of being completed, is currently being marketed and the finalization of the average interior subdivisions is subject to the outcome of the latter. The market value of the building at 31.12.2008, according to an independent appraisal, was €41.8 million.

Assets held for trading

In 2008 Porta Medicea, the developer of the multi-functional project in Livorno and of which IGD owns 80% through its subsidiary Larice (consolidated at 100%), became operative.
Its assets, according to an independent appraisal, at 31 December 2008 totaled €70.05 million net urban works charges.
Please note that the real estate complex will be zoned for different uses; residential, services, hospitality and commercial. The latter will be acquired by IGD, based on preliminary agreements, and will be reclassified subsequently in the financial statements under assets under construction.

Other

This category includes small properties (two stores and an office building, plus a wholesale zone and a fitness area) pertaining to freehold commercial centers. The perimeter of this area did not change during 2008, while its market value fell –8.9% with regard to 31.12.2007 with a total value that amounted to €4.18 million. There was an overall drop in market value but the property that had the greatest impact on this result was the vacant store in Aquileja whose market value fell by 25.4% with respect to 31.12.2007.

Romania

Subsequent to IGD's purchase, through its subsidiary Larice Srl, in spring 2008 of the Romanian company Winmarkt 15 commercial centers and an office building became part of its portfolio.
The properties are located in 13 secondary and developing cities in Romania. None of the properties are found in the country's capital, Bucharest.
The total market value of the 16 properties at 31 December 2008 was €200.1 million for a total GLA of 90,244 m^2, down by 0.1% over the estimated market value at the time of purchase. The market value of the 15 commercial centers alone was, according to an independent appraisal, €196 million.
The average yield of the shopping malls was 9.84%, while the office building's was 9.7%.
Out of the 16 properties, the seven main properties account for 74% of the total market value and 57.3% of the total GLA of the "Romanian" portfolio.

Rgd srl

The company RGD srl, a 50-50 joint venture between IGD and Beni Stabili, is the owner of the two commercial centers located in Ferrara, Nerviano (MI) and a large stake of the Mega Shopping Center - Le Fornaci - located in Beinasco (TO).
The real estate held by RGD make up the value component of IGD's real estate portfolio; the market value, according to an independent appraisal, at 31 December 2008 was €157.93 million with an average yield of 5.9%.
IGD's portion, at 31 December 2008, totaled €78.965 million.

Development projects involving the purchase of assets to be completed in the future

The main development projects involving preliminary agreements to purchase assets to be completed in the future include:

- purchase of the "Tiburtino" Commercial Center in Guidonia, forecast for first half 2009;
- purchase of the Gravina Shopping Mall in Catania, which is expected to open in first half 2009;
- purchase of an unfinished shopping mall located near Palermo, in Borgo Nuovo, the delivery of which, forecast for July 2009, has been delayed due to problems with the authorization for the proposed access and the variance permit. The deposits and down payments paid to date are guaranteed by first demand bank guarantees.
- purchase of a shopping mall in Peschiera, to date the conditions for definitive stipulation have not been met. The last deadline for verification of the latter is December 2009.
- purchase of the "Il Ducale" Commercial Center in Vigevano, which already exists, is subject to a positive outcome of the due diligence that is currently underway. In light of the characteristics of the Commercial Center, we believe that the contract will be transferred to the company RGD srl. The deposits and down payments paid to date are guaranteed by first demand bank guarantees.
- purchase of the shopping mall in Gorizia. To date no delays in the original timing have been reported and are in line with the timing provided for in the contract.

The most important real estate investments and development projects are shown in the table below:

IGD Group - Real estate investments	Book value	Accounting method	Market value at 31/12/2008	Date of last appraisal
Hypermarkets	393.10	fair value	393.10	feb-09
Shopping malls Italy	597.20	fair value	597.20	feb-09
Other	4.18	fair value	4.18	feb-09
Total Italy	**994.48**		**994.48**	
Shopping malls Romania	196.00	fair value	196.00	feb-09
Other Romania	4.10	fair value	4.10	feb-09
Total Romania	**200.10**		**200.10**	
Total IGD Group (excluding JV RGD)	**1,194.58**		**1,194.58**	

Development initiatives involving the purchase of assets to be completed in the future	Book value	Accounting method	Market value at 31/12/2008	Date of last appraisal
Direct development initiatives				
Assets under construction	41.03	cost	41.80	feb-09
Plots of land and ancillary costs	34.73	cost	37.80	feb-09
Total direct development initiatives	**75.76**		**79.60**	
Development initiatives involving the purchase of assets to be completed in the future				
Deposits, down payments and accessory costs	109.29	cost	Not subject to appraisal	
Development initiatives involving the purchase of assets to be completed in the future	**109.29**			

Assets held for trading	Book value	Accounting method	Market value at 31/12/2008	Date of last appraisal
Land, buildings and assets under construction	69.49	cost	70.05	feb-09
Construction costs/urbanization charges	1.98	cost		
Total	**71.47**		**70.05**	

2.1.3.3. The SIIQ Regulatory Environment

The special SIIQ regime was introduced under Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (the 2007 budget law).
The regulatory framework was completed when the Ministry of Economics and Finance issued the Founding Law as Regulation n. 174/2007 which was subsequently interpreted by the Tax Office in the bulletin issued on 31 January 2008.

Based on the above mentioned norms and regulations and common practice, the requirements for eligibility under the special regime are the following:

Subjective requirements
- must be a joint stock company
- must reside in Italy for tax purposes
- shares must be traded on a regulated market

Statutory requirements
- rules must be adopted which regulate investments
- limits on the concentration of investment and counterparty risk must be provided for
- limits on the maximum financial leverage permitted must be provided for

Ownership requirements
- a single shareholder may not hold more than 51% of the company, the so-called "Control limit"
- at least 35% of the float must be held by shareholders with less than 2%, the so called "**Float requisite**"

Objective requirements
- freehold rental properties must make up 80% of the real estate assets, the so-called "**Asset Test**"
- revenues from rental activities must total at least 80% of the positive entries in the income statement, the so-called "**Profit Test**"

IGD carefully evaluated the option for treatment under the special regime, which reflects the government's desire to develop the Italian real estate market, specifically the rental activities in order to increase transparency and competitive standing vis-à-vis other European countries, including with regard to the tax implications deriving from said election.
The primary characteristic of this new regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.
Given the fact that income generated by the SIIQ is subject to income tax solely when distributed to shareholders, the law requires that at least 85% of the rental income must be distributed.
With regard to the verification of eligibility, based on the Founding Law the subjective, statutory and ownership requisites must be met before the option is exercised while the verification of the objective requisites is done after the close of the financial statements for the year in which the option was exercised.
In April 2008, once it was clear that all the subjective, statutory and ownership requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.
In order to satisfy the requirements under the Asset Test and the Profit Test by the end of the fiscal year IGD also implemented and completed a corporate reorganization process.

Furthermore, for the purposes of SIIQ status, the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets, the real property rights on same, the plots of land and the value for tax purposes at the end of the fiscal year, are subject to IRES (corporate income tax) and IRAP (regional business tax) at a tax rate of 20 per cent (the **Entry Tax**).
Pursuant to paragraph 128, Art. 1 of the Founding Law, IGD opted to pay the Entry Tax of €30,797,217 in five yearly installments.

The first installment was paid by the deadline for IRES payments related to the tax period prior to the year in which the company exercised its option to be treated under the special regime (16 June 2008) and the other installments will be paid within the same timeframe for the four subsequent tax periods along with the interest matured calculated based on the discount rate plus one basis point.

Below is the forecast payment schedule (without interest):

Forecast payment schedule	16/06/2008	16/06/2009	16/06/2010	16/06/2011	16/06/2012
Payment	6,159,443	6,159,443	6,159,443	6,159,443	6,159,443

As mentioned above, pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes at least 85% of same.

This obligation will result in substantial outflows for the payment of dividends versus a tax savings on IRES and IRAP on the exempt operating income.

Based on the company's financial statements at 31.12.2008 both the asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenues from rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

Disclosure regarding compliance with requirements as to corporate bylaws

(art. 3, p. 2, ministerial decree n. 174 of 7 july 2007)

With regard to the requirements related to Corporate Bylaws, please note the following.

With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's bylaws that:

- *the Company shall not, either directly or through its subsidiaries, invest more than 30 percent of its assets in a single property with urban and functional characteristics, except in the case of development plans covered by a single planning scheme, where portions of the property are covered by individual, functionally independent building permits, or equipped with urban works that are sufficient to guarantee connection to public services;*

The Company did not invest, either directly or through its subsidiaries, more than 30% of its assets in a single property with urban and functional characteristics.

With regard to the limits on the concentration of investment and counterparty risk, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that:

- *"income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income".*

The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income.
With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that:

- *"the maximum permitted financial leverage, at a company or group level, is 85 percent of equity".*

Financial leverage, either at the group or single level, never exceeded 85% of equity.

2.1.4 Organizational Structure and Human Resources

The organizational structure continued to grow in 2007, reflecting the Group's structural needs, and at **31/12/208** was comprised of the following staff:

IGD Group

Italian market	Men	Women	Total	%
Executives	4	1	**5**	**5.88%**
Middle managers	9	7	**16**	**18.82%**
Junior managers	10	18	**28**	**32.94%**
Clerks	12	24	**36**	**42.36%**
Of which fixed term		(7)	**(7)**	
Total	38	47	**85**	**100%**

Romania	Men	Women	Total	%
Executives	1	2	**3**	**4.61%**
Middle managers	-	5	**5**	**7.70%**
Clerks	14	25	**39**	**60.00%**
Workers	14	4	**18**	**27.69%**
Total	29	36	**65**	**100%**

IGD S.p.A. at 31/12/2007	Total
Executives	5
Middle managers	13
Junior managers	28
Clerks	27
Of which fixed term	(9)
TOTAL	**73**

The figures show an increase of 16.4% in personnel, less than the increase reported between year-end 2006 and year-end 2007 insofar as the Group had already reached a good staffing level in the prior year.
More in detail, there was an increase in the number of clerks as part of the policy to hire bright, young college graduates to be trained internally through on the job training.

Turn Over

Italian market IGD S.p.A	Permanent hires	Temporary hires	Renewed temporary hires	Resigned	Change
Managers	1			1	
Middle managers	3			2	
Junior managers	2			4	
Clerks	8	7	4	3	
TOTALE	**14**	**7**	**(4)**	**10**	**+ 11**

Romania WM Group	Hired	Resigned	Change
Managers	0	1	
Middle managers	1		
Clerks	1		
Workers	1	1	
TOTAL	**3**	**2**	**+ 1**

There is more turnover in the commercial roles (center management) due to a more competitive market.

Breakdown by contract type

The **permanent contracts** are the most prevalent and represent approximately 67% of the total hires.
There is only one **part-time** contract involving an employee of the Parent Company IGD (protected category).
The use of **term contracts** is a function of the activities assigned.
There are two employees which are part of **protected categories**; 1 in IGD and 1 in Immobiliare Larice, with an agreement in the process of being finalized with the Province of Bologna's Service for the Handicapped based on which another such resource will be hired IGD and 1 by Imm. Larice in 2009.

Breakdown by gender/position IGD Group - Italian market	Men	Women
Executives	80%	20%
Middle managers	56.25%	43.55%
Junior managers	37.71%	64.29%
Clerks	33.34%	66.66%
All positions	44.71%	55.29%

The presence of more women is attributable, above all, to the larger number of female applicants.

Compensation policies

Compensation policies are geared toward recognizing qualifications and performance through appraisals by the direct supervisor. They take account of flexibility and willingness to travel/relocate, which are considered fundamental for filling vacancies throughout the commercial network.

The **supplementary corporate agreement** signed in March 2008, as part of the personnel evaluation system, provides for **salary** and **general reviews** of full-fledged employees to be held every two years.
Furthermore, the duration of internships and the relative pay scale has been shortened and simplified (minimum of 6 months, maximum of 24 months).
In 2008 **16 management career paths** were initiated, 4 to middle-management positions, and **18 salary increases** were granted based on promotions and/or merit. A total of 51.76% employees received pay increases which were not tied to automatic raises (through collective or labor union contracts).

The average age is 38, slightly lower than in 2007, while the 18/29 age group more than doubled.

Age	Men	Women	Total	Total 2008
18 - 29	7.96%	9.41%	17.37%	7.60%
30 - 39	22.26%	24.20%	46.46%	51.50%
40 - 49	10.96%	16.10%	27.06%	27.20%
Over 50	3.53%	5.58%	9.11%	13.70%
Total	**44.71%**	**55.29%**	**100%**	**100%**

The **educational** level can be broken down as follows:

University graduates	**68.50%**
High school graduates	**28.00%**
Other	**3.50%**

Recruiting and selection

Recruiting and selection policies are primarily aimed at recent university graduates who have completed specialized post-graduate studies and who are initially hired as interns:
Recruiting is done:
- through specialized employment agencies when specialized personnel is needed;
- through the use of university and post-graduate school data banks for highly educated first time employees, these individuals are hired for 6 month internships during which they participate in specific work projects. In 2008 there were **10 internships**, 6 of which with a positive outcome and 1 of which is ongoing.

Training

The 2008 training programs included the following initiatives:
- individual and group English lessons were offered to employees with specific needs (340 hours/20 people);
- refresher course for all personnel regarding workplace safety norms and regulations – the Uniform Safety Act – (361 hours /64 people);
- a course entitled "Fire hazards and intervention" for those responsible for safety in commercial centers in order to qualify for VVFF certification (for a total of 336 hours/21people);
- specialized refresher courses (legal, tax, technical and human resources).

in addition to in-house basic training courses for interns and new hires conducted by their respective sponsors in order to obtain a basic understanding of the company's business and core expertise.

2.1.5 Performance in 2008

2.1.5.1. Income Statement Review

2008 closed with a net profit of €43,337 thousand compared to €52,315 thousand in 2007. This change can be attributed to the fact that the real estate portfolio, in line with the market trend, was not subject to any further revaluations with respect to the prior years.

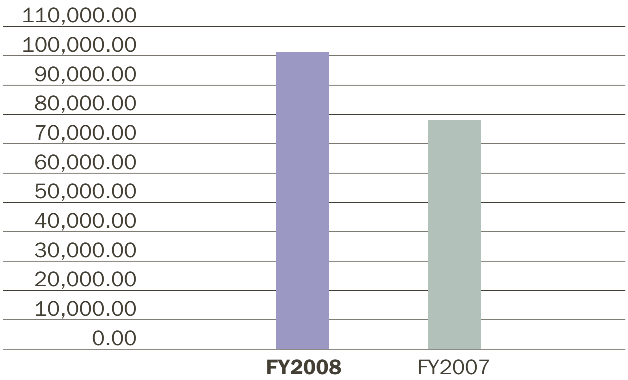
A summary of the results for the years closed on 31 December 2008 and 31 December 2007 are shown below:

Consolidated income statement	FY 2008	FY 2007	Δ	%
Revenues from freehold properties	77,008	54,041	22,967	42.50%
Revenues from leasehold properties	11,190	13,223	-2,033	-15.38%
Revenues from services	3,958	5,711	-1,752	-30.69%
Other revenues	9,290	4,089	5,201	127.21%
Total revenues	**101,447**	**77,064**	**24,383**	**31.64%**
Raw materials and services	28,773	21,802	6,970	31.97%
Personnel expenses	6,161	4,035	2,126	52.68%
Other operating expenses	7,588	3,310	4,277	129.21%
Change in inventories	49,717	0	49,717	
Construction costs	-49,717	0	-49,717	
Ebitda	**58,925**	**47,916**	**11,009**	**22.98%**
Depreciation. amortization and impairment	-19,764	-299	-19,465	6503.18%
Change in fair value	-2,589	30,663	-33,251	-108.44%
Ebit	**36,572**	**78,279**	**-41,707**	**-53.28%**
Income/(charges) from equity investments	92	0	92	
Financial income/(charges):	-25,936	-14,572	-11,364	77.99%
Financial income	5,843	6,100	-257	-4.22%
Financial charges	31,779	20,672	11,107	53.73%
Pre-tax income	**10,728**	**63,708**	**-52,979**	**-83.16%**
Income tax for the period	-32,609	11,392	-44,001	-386.24%
Net profit	**43,337**	**52,315**	**-8,978**	**-17.16%**

Revenues

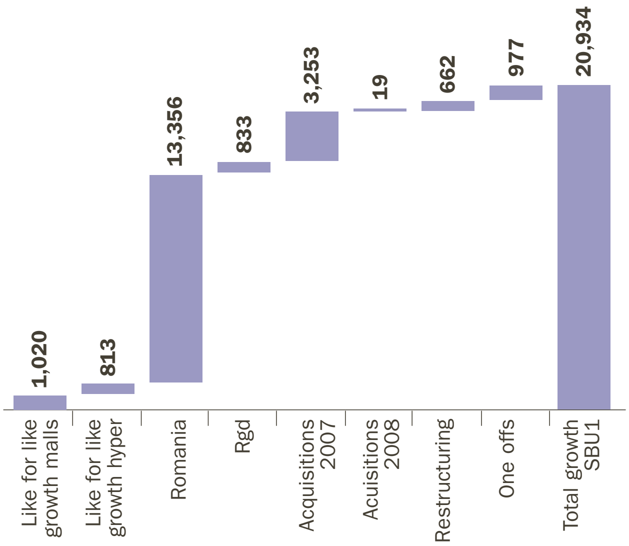
In 2007 the Group earned revenues of €101,447 thousand, an increase of €24,383 thousand or 31.64% on the previous year. This significant increase is due to the Romanian companies which contributed €13,356 thousand to revenues from freehold properties.

Total revenues



The most significant growth came from the IGD Group's core business, the rental business, in line with the business plan:

Growth of rental income

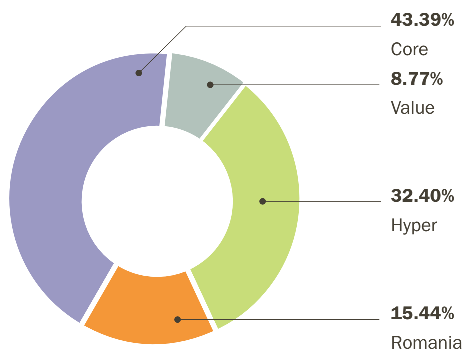


- The largest increase in revenues from the rental business, approximately 63.80%, is attributable to the acquisition of the Romanian companies Win Magazine and Winmarkt Management at the end of April 2008. The company, owner of 15 commercial centers and an office building, contributed approximately €13,356 thousand to revenues in 2008.
- RGD contributed 3.98%.
- 15.54% came from the malls which became part of the Group's portfolio in 2007:
  _ the Mondovicino mall, which contributed for all of 2008 as it was acquired in November 2007
  _ Millenium Gallery, which contributed for all of 2008 versus seven months in 2007.
- 0.09% came from the Gran Rondò Mall in Crema, which became part of the IGD Group at the end of December 2008
- The remodeling of Centro Nova had a positive impact of 3.16% on the total increase of revenues from leasehold assets
- 4.67% came from non-recurring income
- The like-for-like network of shopping malls contributed 4.87%
- The hypermarkets, on a like-for-like basis, contributed 3.88%

The IGD Group's real estate assets can be broken down in:
- **Core**, which includes the historic properties along with Gran Rondò in Crema which, though a new acquisition, was part of Coop Lombardia's portfolio.
- **Value**: Mondovicino and the three centers belonging to RGD (Darsena City, Auchan Nerviano and Le Fornaci in Beinasco)
- **Hypermarkets**
- **Romanian centers**

The contribution made by these categories to total revenues is shown in the following chart:

Breakdown of revenues from rental activities



Revenues from services amounted to €3,958 thousand and are comprised of recurring revenues, Facility Management (which represents 82% of the total revenues from services) and Fees for rented spaces and a variable component connected to the granting of new marketing mandates, in addition to revenues from pilotage which are offset by pilotage costs.
- The revenues from Facility increased by 28.92% due to the new facility management mandates granted for centers in: Darsena City, Sesto Fiorentino, Mondovicino, Quarto, Vibo Valentia and Mercato S.Severino, begun in 2007.
- The Agency revenues are attributable to marketing of the Lodi shopping mall and other small mandates.

Other revenues, €9,290 thousand are due 89.51% to chargebacks, the remainder is due to revenues from services rendered to related parties, reimbursement of employee autos, personnel repayments.

Margins

The divisional gross margin increased by 27.66%, rising from €53,594 thousand in 2007 to €68,413 thousand in 2008.

The table below shows the income statement highlights and the trend in margins for the years closed on 31 December 2008 and 31 December 2007:

Consolidated income statement for margin	FY 2008	FY 2007	Δ	%
Margin from freehold properties	65,621	49,966	15,655	31.33%
Margin from leasehold properties	1,221	1,069	153	14.28%
Margin from services	1,489	2,475	-986	-39.83%
Corporate margin	82	84	-2	-3.08%
Divisional gross margin	**68,413**	**53,594**	**14,819**	**27.66%**
Payroll costs at headquarters	-4,908	-2,949	-1,959	66.44%
General expenses	-4,579	-2,729	-1,851	67.81%
Ebitda	**58,925**	**47,916**	**11,009**	**22.98%**
Depreciation, amortization and impairment	-19,764	-299	-19,465	6503.18%
Change in fair value	-2,589	30,663	-33,251	-108.44%
Ebit	**36,572**	**78,279**	**-41,707**	**-53.28%**
Income/(charges) from equity investments	92	0	92	
Financial income/(charges)	-25,936	-14,572	-11,364	77.99%
Pre-tax income	**10,728**	**63,708**	**-52,979**	**-83.16%**
Income tax for the period	-32,609	11,392	-44,001	-386.24%
Net profit	**43,337**	**52,315**	**-8,978**	**-17.16%**

SBU 1 - Property leasing

Margin on freehold properties: in 2008 this margin reached € 65,621 thousand compared to € 49,966 thousand in the prior year, an increase of 31.33%. This activity has very interesting margins equal to 85.21%.

SBU 1 - Property leasing

Margin on leasehold properties: the margin increased by €153 thousand or 10.91%.

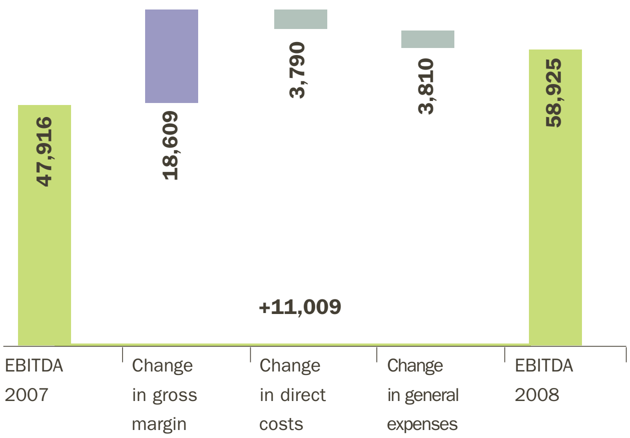
SBU 2 - Services

Margin from agency and facility management services: the margin from services amounted to € 1,489 thousand, a drop over December 2007 due to the variable component of Agency revenues which in fourth quarter 2007 were quite significant. Facility revenues grew significantly and reached 82% of the service revenues. This activity features low capital absorption and generates a substantial margin which reached 37.62% in 2008. Of note is the fact that the most significant cost in this segment is the cost of labor.

EBITDA

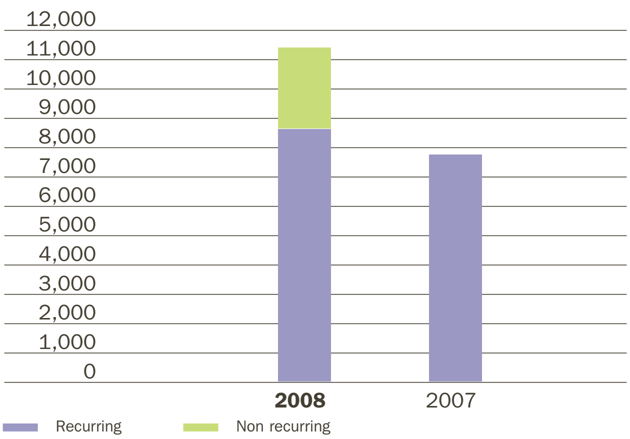
EBITDA reached € 58,925 thousand, an increase with respect to the prior year of 22.98%.

EBITDA



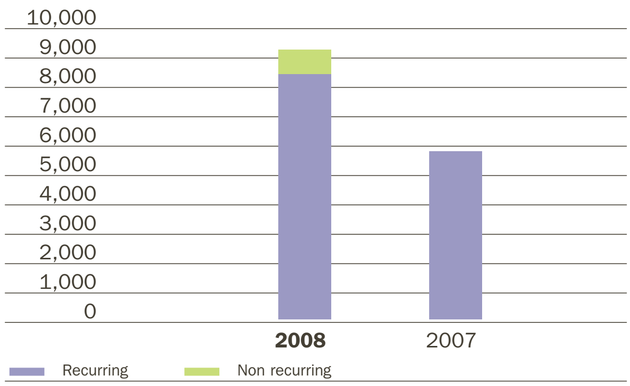
Direct costs totaled €11,513 thousand, 27% of which is attributable to non-recurring charges connected to the delay in the opening of Guidonia.

Direct costs



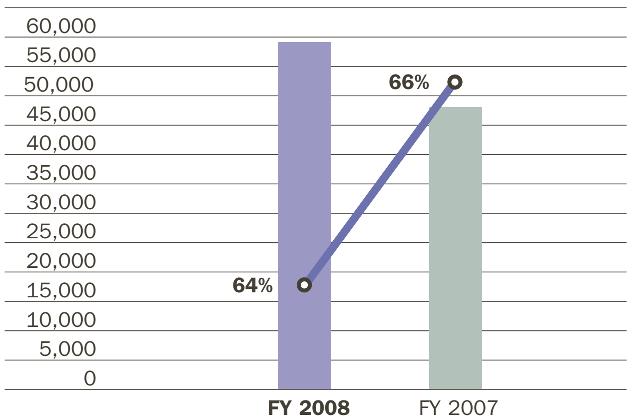
General expenses amounted to €9,488 thousand, approximately 8% of which is due to non-recurring costs connected to the purchase of the Romanian companies.

General expenes

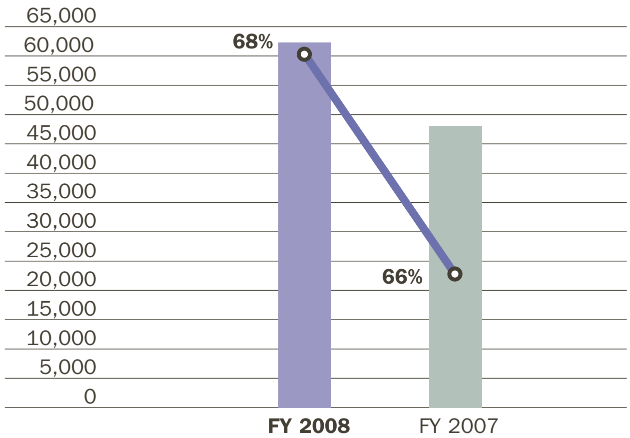


Net non-recurring costs EBITDA would have been €63,149 thousand with an EBITDA MARGIN of 68%; for the sake of clarity, please find below charts representing both EBITDA and adjusted EBITDA:

Ebitda & Ebitda margin



Ebitda & Ebitda adjusted



EBIT

EBIT amounted to €36,572 thousand, the difference between Ebit and Ebitda is due primarily to the change in Fair Value which, based on the independent appraisal of CBRE at 31/12/08 and the investments made in the year, fell with respect to 2007 and the goodwill impairment booked under business combinations related to the subsidiary Immobiliare Larice. This goodwill impairment is related to the Centro Sarca investment property; the goodwill had been recognized to reflect the possibility of selling the property (through the equity investment) without incurring tax charges and was measured on the basis of the deferred tax provision, entered on the liability side, covering the property's higher carrying value with respect to its value for tax purposes. Following the revaluation permitted by Decree 185/08 of 29/11/2008 (the Anti-Crisis Decree) at 31 December 2008, against a facilitated tax rate, the deferred tax liabilities booked against the property's higher book value through 31 December 2007 have now been reversed, thus completing offsetting the goodwill impairment recognized earlier

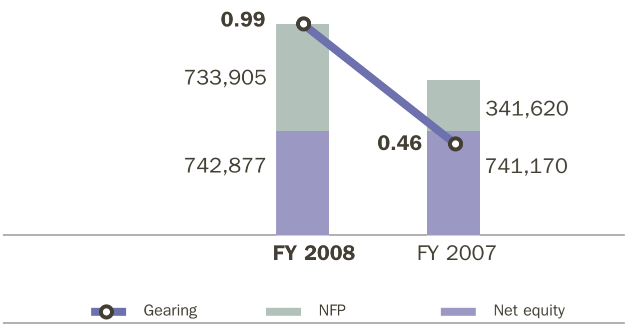
Income from equity investments

The capital gain is attributable to the sale of 10% of Winmagazine S.A.'s share capital to the company Inpartner S.p.a.. Please note that as part of a put & call contract stipulated with the minority shareholders, the equity investment in Winmagazine was consolidated at 100%.

Financial income and charges

The negative balance of financial income and charges increased by € 11,364 thousand; this increase is attributable to the subscription of a €230 million convertible bond on 28 June 2007 and a €100 million mortgage loan with Unipol Banca and Unipol Merchant which was taken out on 10 April 2007 and the increase in short term debt. The net financial position reached € 733,905 thousand, with a gearing ratio that went from 0.46 at 31/12/2007 to 0.99. The increase in the net financial position is also explained by the increase in interest rates which was partially offset by the long term debt which is covered by Interest Rate Swaps.

Financial income and charges



Tax

Current tax amounted to €2,384 thousand, a drop over the prior year of €2,502 thousand. This decrease is due primarily to the Parent Company's treatment under the SIIQ regime.
Deferred tax dropped over the prior year by -€73,613 thousand and includes **deferred tax assets** which show a positive balance of €15 thousand and **deferred tax liabilities** which show a positive €67,092 thousand.

The change was largely caused by the reversal of deferred tax liabilities provided against the higher value of properties up to 31 December 2007 (the investment property of the parent company for €47,437 thousand and Centro Sarca for €20,455 thousand), which were revalued in 2008 in accordance with Decree 185. The SIIQ entry tax and the IRES/IRAP substitute tax due to the revaluation of Centro Sarca amounted to €30,797 thousand and €1,306 thousand, respectively.

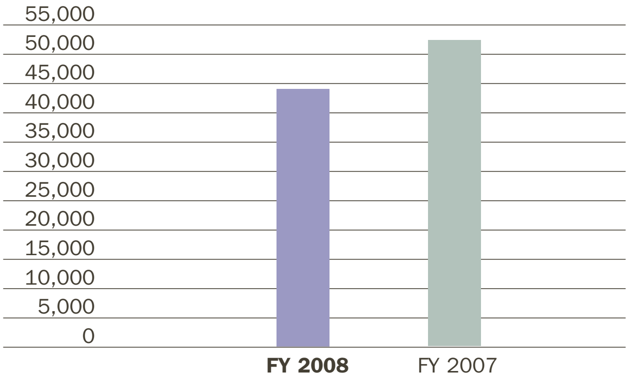
Income tax	Value at 31/12/2008 (a)	Value at 31/12/2007 (b)	Change (a - b)
Current tax	2,384	4,886	-2,502
Deferred tax liabilities/assets	-67,107	6,506	-73,613
Substitute tax on revaluation of Centro Sarca	1,306	0	1,306
SIIQ entry tax	30,797	0	30,797
Out-of-period income/charges	11	0	11
TOTAL	**-32,609**	**11,392**	**-44,001**

Net profit

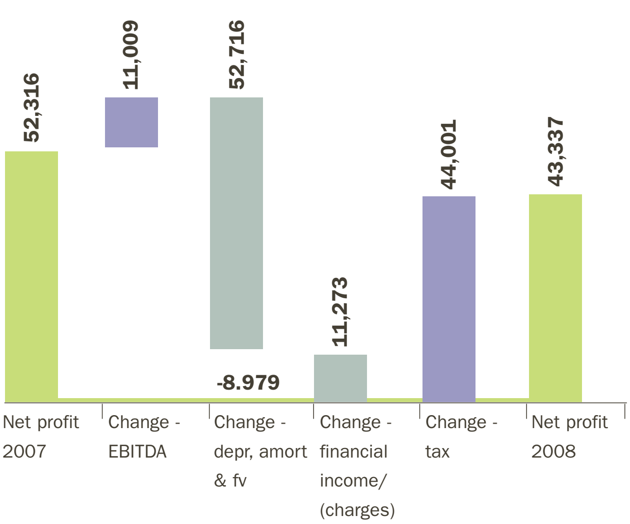
Net profit reached € 43,337 thousand, down with respect to the prior year due to the change in fair value which fell by €33,251 thousand and the difference in consolidation linked to the real estate investment in the Sarca center and the impairment of goodwill.

Toward this end, of note is the Funds From Operations (FFO) which amounted to €30,697 thousand in 2008 compared to €28,458 thousand in 2007; this figure is calculated based solely on the tax paid during the year.

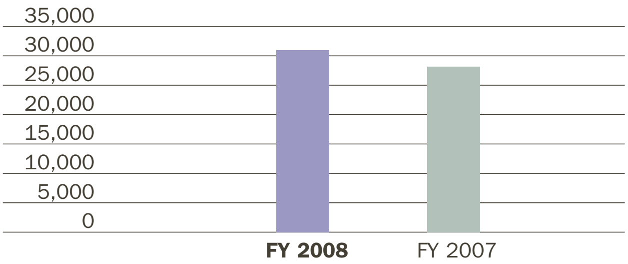
Net profit



Change in net profit between 2007 and 2008



Funds From Operations (FFO)



2.1.5.2. Balance Sheet and Financial Review

The IGD Group's balance sheet and financial situation at 31 December 2007 are summarized as follows:

Source – use of funds	31/12/2008	31/12/2007	Δ	%
Fixed assets	1,516,187	1,164,432	351,755	30.21%
NWC	42,759	21,549	21,210	98.43%
Other non current liabilities	-82,164	-103,191	21,027	-20.38%
Total use of funds	**1,476,782**	**1,082,790**	**393,992**	**36.39%**
Net equity	742,877	741,170	1,707	0.23%
NFP	733,905	341,620	392,285	114.83%
Total source of funding	**1,476,782**	**1,082,790**	**393,992**	**36.39%**

The principal changes in FY 2008, compared to the prior year, are summarized below:

Fixed assets

rose from €1,164,432 thousand at 31 December 2007 to 1,516,187 thousand at 31 December 2008; the change of €351,755 thousand is explained by increases and decreases in:

Goodwill (- €15.918 thousand):

the change is largely due to the purchase of the companies WinMagazin SA and Winmarkt management s.r.l. which resulted in an increase of €3,697 thousand and impairment from the Immobiliare Larice s.r.l. business combination equal to €19,092 thousand.

Real estate investments (€297,335 thousand).

The following commercial centers were purchased in 2008:

- Lungo Savio (Cesena)
- Gran Rondò (Crema)
- Romania shopping malls
- the "New Mall" shopping mall, acquired through the JV RGD.

Smaller investments were also made in the centers located in Afragola, Esp, Borgo, Abruzzo, Lame, Imola, Livorno and Casilino.

Fair value adjustments at 31 December 2008 resulted in net decreases rather than increases.

The estimated market value, based on the independent appraisal of CB Richard Ellis, at 31 December 2008 increased for a large part of the hypermarkets. Impairment was limited to a few malls.

Plant, property, equipment and other goods, leasehold improvements (€2,579 thousand):

the increase is primarily attributable to the expansion and restructuring of "Centro Nova".

Assets under construction (€73,739 thousand).

The increase is primarily due to:

- Down payments made for the purchase of the new commercial center in Gorizia,
- Further additional down payments for existing preliminary contracts,
- Expansion of "Centro ESP", "Centro d'Abruzzo", Centro Portogrande" and the variances for the future commercial center in Chioggia,
- The investment made, solely in the retail area, of the multifunctional area Livorno,
- The change in perimeter is due to:
  _ Expansion of a few commercial centers purchased through the Romanina companies,
  _ The investment in the Asti mall.

The decrease is largely due to:

- Assignment of Coop Adriatica, a related party, as party to the preliminary contract for the land located in Conegliano
- Cancellation of the preliminary contract for the commercial center in Spilamberto, which resulted in a refund of the down payment,
- A decrease in the down payment following execution of the sales contract for the Livorno project,
- A decrease in the down payment for investments to be made in the Beinasco commercial center,
- The reclassification of investment property upon completion of works in progress.

Deferred tax assets (€5,225 thousand).

The change is primarily due to:

- Recognition of deferred tax related to mortgage hedging instruments (IRS),
- Recognition of deferred tax related to the financial lease contract for the investment property in Beinasco.

Sundry non current receivables and other assets (-€11,384 thousand). The change is primarily due to:

- A decrease in the down payment for the equity investments made in 2008.

Other long term liabilities

Other long term liabilities went from €103,191 thousand at 31 December 2007 to €82,164 thousand at 31 December 2008. The change of -€21,027 is due primarily to:

Deferred tax liabilities (-49,073 thousand di euro). The charge is largely attributable to:

- Reversal of deferred tax under the special SIIQ regime (-€47.437 thousand) and the reversal following the revaluation of Centro Sarca under Decree 185 (-€20,455 thousand),
- Recognition of deferred tax related to the Romanian investment properties (€20,137 thousand).

Provisions for future risks and charges (€1,910 thousand). The change is primarily due to:

- Accruals made during the year in light of the delay in the opening of the Guidonia center.

Sundry non current payables and other liabilities (€25,913 thousand). The change is primarily due to:

- Booking of substitute tax under the special SIIQ regime and the choice to pay same in five years.

NWC (€ 21,210 thousand).

The change is explained by:

- €49,970 thousand for works in progress related to the areas, buildings and urban works under construction at the site of the multifunctional in Livorno. The real estate complex is to be zoned for various uses; residential, commercial, services and hospitality. It has been booked under assets under construction,
- €11,888 thousand for other current assets attributable primarily to an increase in VAT credits deriving from the change in the scope of consolidation
- -€26,682 thousand for trade payables. This increase is primarily due to works and sub-contracting relating to the Guidonia commercial center and for the balance yet to be paid for the land and buildings at the Livorno multifunctional center,
- €8,947 thousand for an increase attributable to the portion of the SIIQ entry tax and the Decree 185 revaluation.
- -6,424 thousand for other current liabilities which increased largely due to security payments and guarantees for the binding offers for malls that will be opened in 2009.

Net equity

at 31 December 2008 amounted to €742,877 thousand, the change of €1.707 thousand is explained by:

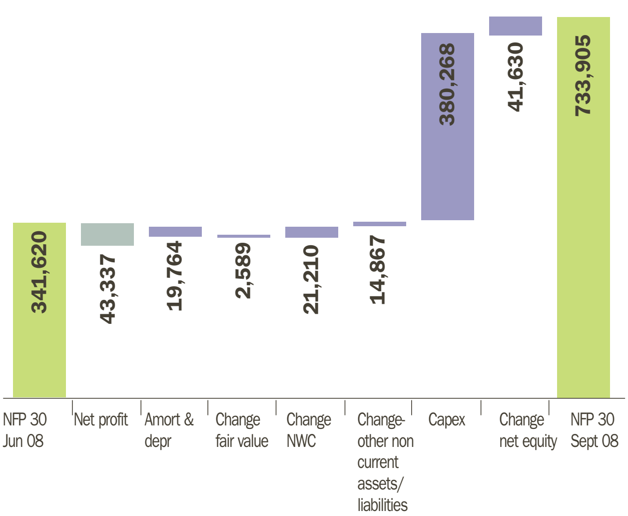
- €22,252 thousand for the purchase of treasury shares, including accessory costs, booked as a decrease in net equity,
- €16.776 thousand for the distribution of dividends,
- -€9.333 thousand the change in derivatives accounted for using the cash flow hedge method,
- €6.229 thousand for the recognition of a specific reserve for deferred tax liabilities on the bond for the portion corresponding to exempt operations,
- €598 thousand for the recognition of a specific translation reserve of the translation of financial statements in foreign currency,
- €43,337 thousand for the 2008 net profit,
- €96 thousand for the change in the minorities' portion of net equity following a reduction of the consortium's portion of Centro Leonardo.

Net debt

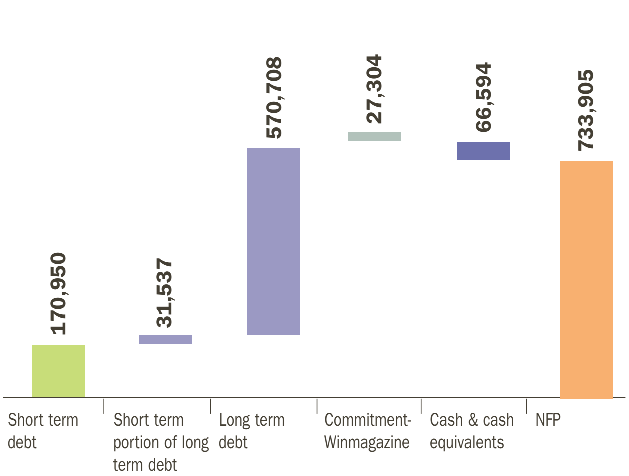
at 31/12/2008 increased over the prior year to €392,285 thousand due to the investments made in the year and the trend of NWC.

The item "Short term portions of long term debt" shown in the net financial position above includes the short term portion of mortgages, leasing company loans and bond debt.

Reconciliation of the net financial position



Breakdown of the net financial position



2.1.5.3. Segment information

The tables below show the balance sheet and income statement broken down by segment.

Income statement	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rental activities		Services		Undivided		Total	
Revenues	**88,198**	**67,264**	**3,958**	**5,711**	**82**	**84**	**92,238**	**73,060**
Direct costs	21,356	16,230	2,469	3,236	0	0	23,826	19,466
Divisional gross margin	**66,842**	**51,035**	**1,489**	**2,475**	**82**	**84**	**68,413**	**53,594**
Undivided costs					9,488	5,678	9,488	5,678
Ebitda	**66,842**	**51,035**	**1,489**	**2,475**	**-9,406**	**-5,593**	**58,925**	**47,916**
Amort. depr & impairment	-3,170	30,376	-78	0	-19,104	-12	-22,353	30,363
Ebit	**63,672**	**81,410**	**1,411**	**2,475**	**-28,510**	**-5,605**	**36,572**	**78,279**
Income from equity investments							92	0
Financial income							**-25,936**	**-14,572**
Tax							**32,609**	**-11,392**
Net profit							**43,337**	**52,315**

Balance sheet	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rental activities		Services		Undivided		Total	
Real estate portfolio	1,248,628	948,714	0	0	0	0	1,248,628	948,714
Other non-recurring activities	0	0	0	0	25,673	47,571	25,673	47,571
Investments in progress	241,886	168,147	0	0			241,886	168,147
NWC	21,051	2,576	229	437	21,477	18,536	42,759	21,549
- Other long term liabilities	-81,719	-102,878	-445	-313			-82,164	-103,191
Total use of funds	**1,429,847**	**1,016,558**	**-216**	**125**	**47,151**	**66,107**	**1,476,782**	**1,082,790**
NFP	690,684	279,094	-3,930	-3,581	47,151	66,107	733,905	341,620
Equity	739,163	737,464	3,714	3,706			742,877	741,170
Total source of funds	**1,429,847**	**1,016,558**	**-216**	**125**	**47,151**	**66,107**	**1,476,782**	**1,082,790**

2.1.6. Subsequent Events

In the first days of January the preliminary contract signed with Sviluppo Trapani srl for the purchase of a shopping mall in Trapani was cancelled.
The rescission is linked to the delay in the issue of the building permits which rendered the project less interesting. As IGD SIIQ's current strategy calls for dynamic portfolio management, financial resources are ideally to be used to finance projects with shorter completion times which, consequently, offer greater initial returns. Following cancellation of the contract, IGD SIIQ was reimbursed the entire deposit made equal to € 5,467,000.00 equal to 10% of the investment's total estimated value.

2.1.7. Outlook

We intend to continue with the development plan we shared with the financial community in May 2007.
Investments of approximately €120 million should be made in the year and the purchase of the commercial center in Guidonia, which was postponed from 2008 to 2009, for a total of circa €88 million should take place.
In light of the difficult market conditions, in 2009 the IGD Group will concentrate on the completion of projects which are already underway and on optimal management of the existing portfolio.

2.1.8. IGD SIIQ SPA's and the Group's Primary Risks and Uncertainties

In the future the Group's earnings and financial situation could be influenced by a series of risk factors which could affect both property management and real estate development.
Not only does IGD have a clear picture as to the uncertainties linked to this difficult macroeconomic scenario and the financial crisis, it has also implemented a series of measures designed to mitigate the impact of these hypothetical risks.
The primary business risks that IGD faces and manages are listed below.

Risks linked to property management

Risks linked to weak consumption

Impact
- Diminished capacity of tenants to sustain rents which could put pressure on IGD's revenues.
- Risk of loosing revenues in the event large retail chains stop or postpone expansion.
- Possible decrease in the occupancy rates.

Risk management
- Rents historically set at sustainable levels.
- Policies designed to support (discounts, delaying rental payments) tenants evaluated on a selective basis and adopted temporarily.
- Continuous analysis of the correct tenant mix and characteristics of same.
- Diversification in the Romanian market – which despite the slowdown is still expected to show growth – helps to mitigate the impact of weak consumption on IGD's overall portfolio.
- Innovative offer, able to meet the needs of the changing consumer behavior.

LEI/EURO exchange risk

Impact
- Possible impairment of the real estate portfolio.
- Inability of the tenants to pay rents, denominated in LEI but linked to the euro.

Risk management
- In the period 2009-2010 investments will be made to guarantee sustainability and strengthen the offer (better merchandising mix).
- In the period 2010-2012 capex for plant, property and equipment in order to increase the quality of the properties and their appeal.

Financial risk

Impact
- Tight credit markets.
- Increase in the cost of capital.

Risk management
- Dynamic management of the new project pipeline.
- No refinancing risk insofar as each credit line is used for a specific investment. Each loan is extinguished upon expiration.
- The availability confirmed to date is sufficient to meet the needs forecast to date.
- LTV 51-52% and 80% of the debt at year-end 2008 is fixed rate: very solid financial situation which facilitates access to credit.
- Interest rate risk hedged with IRS.
- Unutilized, but readily available, credit lines of €75 million at year-end 2008.
- Properties without liens equal to €450 million at year-end 2008.

Tenant related risk

Impact
- Possible negative impact on occupancy rates and on revenues in the event the largest tenants of the commercial centers decide to close.

Risk management
- Very solid and diversified tenant mix.
- 32.40% of revenues are generated by hypermarkets where there is zero risk.
- 43.39 % of revenues are generated by already operative commercial centers which have a low risk profile.
- Limited impact of the 10 most important tenants which represent 12.95% of rental income from malls.

Market valuation risk

Impact

- Possible negative performance of the single properties which can lower the portfolio's performance.

Risk management

- Ample portfolio diversification in terms of both property type and location.
- The most important single property represents 9.57% of the portfolio's total value. The second largest represents 7.16% of the portfolio.
- Prudent historical valuations.

Pre-letting risk

Impact

- Chance that the property remains partially vacant and the target occupancy rates are not hit which would impact both revenues and margins.

Risk management

- In this new context evaluate the possibility of not renting 100% upon opening in order to place certain areas at better rates once the center in up and running, after a few months.
- Pre-letting of the key areas amply ahead of time.
- Internal team with proven experience.
- Contact tenants found throughout IGD's network.
- Negotiating power with strategic tenants given the current and future market share of IGD in Italy and Romania.
- Direct investments by IGD in the promotion of the new openings.

Risks linked to real estate development

Normally IGD acquires the finished commercial center from the builder. The most important development project is Porta Medicea in Livorno.

Construction related risks

Impact

- Costs higher than expected due to a delay in construction which can lower profitability.
- Possible increase in costs due to a higher than expected rate of inflation.
- Change in the authorizations granted which could cause the project to be modified.

Risk management

- Developers are entirely responsible for construction risk thanks to the use of contracts to buy assets to be completed in the future.
- Use of an experienced project team.
- Projects managed in partnership with the developers.

2.1.9 Intercompany and Related Party Transactions

All transactions with the parent company, Coop Adriatica S.c.a.r.l., and with other related parties fall within the Group's ordinary sphere of operations and take place under arm's-length conditions. In particular, real estate transactions—generally consisting of acquisitions and leasing—that involve a potential conflict of interest due to the participation of Coop Adriatica S.c.a.r.l. and Unicoop Tirreno S.c.a.r.l. are settled under arm's-length conditions by way of a framework agreement signed in October 2004.

In accordance with the rules of corporate governance and the "Procedures for Related Party Transactions" approved by the Board of Directors which governs the approval and execution of said transactions, the Internal Control Committee, made up of three non-executive members of the Board of Directors (including two independent directors), has a specific functions. More in detail, the Internal Control Committee prepares two memos on the Company's related party transactions during the period—one to be published as part of the directors' announcement of the approval of the draft financial statements and the other regarding approval of the half-year report—including comments on whether such transactions are in the Company's best interest, how the prices were determined, and the fairness of such prices with respect to going market rates. It also examines in advance any related party transactions falling under the competence of the Board of Directors, and forms non-binding opinions for the Board.

Details of related party transactions carried out in 2008 are provided in a section of the notes to the financial statements.
As required by CONSOB Resolution no. 11971 of 14 May 1999, the following list reports the shares of IGD Group companies held by directors, statutory auditors, and general manager:

Name	Company	N of shares at 31/12/07	Purchases	Sales	N of shares at 31/12/2008
Albertini Claudio	IGD	0	0	0	0
Bini Mauro	IGD	0	0	0	0
Canosani Aristide	IGD	0	0	0	0
Carbonari Filippo-Maria	IGD	0	0	0	0
Carpanelli Fabio	IGD	0	0	0	0
Coffari Gilberto	IGD	0	0	0	0
Costalli Sergio	IGD	0	0	0	0
Franzoni Massimo	IGD	0	0	0	0
Gentili Francesco	IGD	0	0	0	0
Pellegrini Fernando	IGD	0	0	0	0
Pozzoli Stefano	IGD	0	0	0	0
Sabadini Riccardo	IGD	5,000	0	0	5,000
Santi Sergio	IGD	0	0	0	0
Zamboni Roberto	IGD	0	0	0	0
Gargani Franco	IGD	0	0	0	0
Conti Romano	IGD	0	0	0	0
Chiusoli Roberto	IGD	0	0	0	0

Data Protection
Pursuant to Legislative Decree 196/2003 (Italy's "Data Protection Code"), we report that all companies in the IGD Group have updated their "Privacy Protection Plan."

2.1.10 Treasury Shares

At 31 December 2008 the company possessed 10,976,592 ordinary shares or 3.549 % of the share capital for a total of €22,141,778. Please note that on 30 December 2008, 10,000,000 ordinary shares were pledged to the seller as a guarantee for the delayed payment of the Gran Rondò Mall.

2.1.11 Research and Development

Pursuant to Art. 2428, paragraph 1, of the Italian Civil Code the IGD Group does not perform research and development activities.

2.1.12 Significant Transactions

During the year ended 31 December 2008, no significant non-recurring transactions or atypical/unusual transactions, as defined in CONSOB's notice of 28 July 2006, were carried out with third parties or between companies in the Group.

2.1.13 Reconciliation between the Separate and Consolidated Accounts at 31.12.2008

Reconciliation between the Parent Company's and the Consolidated Accounts

Amounts in thousands of euros	Net profit		Net equity	
	Group's portion	Minorities	Group's portion	Minorities
Balance - parent company's financial statements	**33,386**		**723,355**	
Book value of the consolidated equity investments			**(482,699)**	
Subsidiaries' net profit and equity	**30,206**	**0**	**494,019**	**61**
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidation of PORTAMEDICEA (allocated to works in progress)			254	
- Goodwill from consolidation of MILLENIUM			3,952	
- Goodwill from consolidation of IMMOBILIARE LARICE	(19,092)		0	
- Goodwill from consolidation of RGD			976	
- Goodwill from consolidation of Winmagazine			3,696	
- Goodwill from consolidation of Winmarkt management			1	
- Goodwill from consolidation of Nikefin Asti (allocated to assets under construction)			663	
- Elimination of capital gains	(1,074)		(1,333)	
- Sale of group assets	(73)		(73)	
- Other adjustments	(16)		6	
Balance - consolidated financial statements	**43,337**	**0**	**742,816**	**61**

2.1.14 Proposed allocation of net profit

Dear Shareholders,
We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2008 which closed with a net profit of €33,385,866.00.
The Board of Directors proposes that this profit be allocated as follows:

- *€ 20,867,456 to the fair value reserve*
- *€ 625,921 to the legal reserve*
- *€ 10,439,544 to the shareholders as a dividend equal to €0.035 per each outstanding share, net treasury shares, which reflects treasury share accretion*
- *€ 1,452,945 to be carried forward*

The dividends distributed are entirely from exempt operations and represent not less than 85% of the income generated by these operations as required under the norms and regulations for the SIIQ regime.
The Board of Directors also proposes to use € 8,951,331 of the earnings carried forward to cover negative reserves following application of the international accounting standards and € 416,719 to cover losses generated following the merger by incorporation of the subsidiary MV s.r.l..

12 March 2008

The Chairman
Gilberto Coffari

2.2 | Annual Corporate Governance Report

Corporate governance structure

This report (the "**Report**") describes the corporate governance system of IGD Siiq S.p.A. (the "**Company**" or "**IGD**"). The corporate governance system is a set of standards, rules and procedures that are consistent with the Corporate Governance Code for Listed Companies, drawn up by the Corporate Governance Committee of the Italian Stock Exchange (*Borsa Italiana SpA*) and published in March 2006 (the "**Corporate Governance Code**"). In 2008 IGD approved the Rules for Corporate Governance designed to govern, pursuant to the law, the composition, qualifications and role of the Corporate bodies overseeing the Company.

The system is focused on: (i) the guiding role of the Board of Directors in matters of corporate strategy; (ii) the transparency of business decisions within the Company and vis-à-vis the market; (iii) the efficiency and efficacy of the internal control system; (iv) the strict governance of potential conflicts of interest; and (v) clear procedures for transactions with related parties and for the treatment of corporate information.

IGD has a traditional corporate governance system which is administered solely by the Board of Directors, while the Board of Statutory Auditors is responsible for control and the financial audit of the company is assigned to external auditors registered in Consob's specific roll.

During the Shareholders' Meeting held on 28 April 2006, IGD's shareholders resolved that the Company's **Board of Directors** was to be comprised of 15 members as per Art. 16.1 of the current bylaws (the "**Bylaws**"), with a three year term. The Board meets regularly and is organized to ensure the effective performance of its duties. In this context, the directors act and deliberate on an informed basis, pursuing the primary objective of creating shareholder value. Pursuant to the Corporate Governance Code guidelines and international corporate governance standards and as recommended by the EC, the Board also appointed several internal working committees.

The **Board of Statutory Auditors** oversees compliance with the law and the Bylaws and ensures that the standards of correct administration are observed and, in particular, that the organizational, administrative and accounting structures are adequate, that they function correctly, that the corporate governance rules provided for in the code are complied with and that the disclosures made by the company to its subsidiaries comply with Art. 114, paragraph 2, of the TUF (public disclosures); the Board of Statutory Auditors is also called upon to provide the shareholders with a motivated opinion as to the choice of the external audit firm to be hired for financial audit.

As per the bylaws, the **Board of Statutory Auditors** is comprised of three standing auditors and two alternates, who are elected by the shareholders' meeting as provided for by law.

The **shareholders' meeting** is called and resolves according to the law and the Bylaws. The Company has a set of regulations to ensure that meetings are held in an orderly and effective manner.

The **external auditors**, registered in Consob's specific roll, conduct company audits pursuant to the law. The external auditors are appointed by the shareholders as per the Board of Statutory Auditors' recommendation.

The share capital subscribed totals € 355,902,405.00 of which € 309,249,261.00 was paid-in on 12 March 2009. The **share capital** consists of 309,249,261.00 ordinary shares with a par value of € 1 each.

Based on the notices received as per Art. 120 of the TUF and other information available, at 12 March 2009, the shareholders of Immobiliare Grande Distribuzione who directly or indirectly hold more than a 2% interest in the fully-paid voting ordinary share capital, are as follows:

Shareholder	% of share capital
Coop Adriatica Soc.Coop.A R.L.	41.498
Unicoop Tirreno Soc.Coop.	13.642
Immobiare Grande Distribuzione Siiq Spa	3.549
European Investors Incorporated	5.070

Compliance with the corporate governance code

The Board of Directors

Role and functions

(art. 1 of the corporate governance code)

The Company is administered by a Board of Directors composed, as per the Bylaws, of seven to nineteen members who are elected by the shareholders' meeting. They serve for up to three financial years and their term expires on the date of the shareholders' meeting called to approve the financial statements for their final year in office. The directors are eligible for re-election in accordance with Art. 2383 of the Italian Civil Code.

In accordance with the Bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the Bylaws reserve to the shareholders' meeting.

Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and the group it heads, the Company's corporate governance system, and the group structure;
- judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries as arranged by the chief executive officer, with particular reference to the internal control system and the management of conflicts of interest;
- grants and revokes the powers of the chief executive officer, defining limits and procedures; establishes the frequency—no less than quarterly—with which the chief executive officer must report on his or her activities to the Board of Directors;
- determines, after consulting the Board of Statutory Auditors, the compensation of the chief executive officer and the other directors with particular responsibilities, and divides the Board of Directors' overall compensation among its members if the shareholders' meeting has not done so;
- evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
- examines and approves in advance the transactions of the Company and its subsidiaries, where such transactions are strategically, economically or financially significant for the Company, paying special attention to situations in which one or more directors have an interest on their own or on third parties' behalf and, more generally, to transactions with related parties; to this end establishes general principles to identify significant transactions;
- evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, expressing any opinions as to the professional figures whose presence on the board would be considered appropriate;
- indicates in the corporate governance report the number of meetings held by the Board of Directors during the year and the attendance rate of each director;
- reports each year on the offices held by its directors in other listed companies, financial institutions, banks, insurance companies or other entities of significant size;
- exercises all other powers granted by law and the Bylaws.

Pursuant to the Corporate Governance Code, the Board of Directors used the information provided by the Chief Executive Officer during the year to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system.

Furthermore, as in 2007, once again in 2008 IGD hired the consulting company Egon Zehnder International to help with the self-assessment of the size, composition and functioning of its Board of Directors and its Committees as provided for in the Corporate Governance Code. Based on the self-assessment survey, IGD's Board of Directors has achieved levels of Italian market excellence in terms of:

- Size which was found to be adequate and efficient, with a majority of independent directors;
- Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to the positive environment, highly motivated directors, team spirit and the Chairman's ability to coordinate, guide and facilitate the Board's activities which was well supported by the Chief Executive Officer.

Election and composition of the Board of Directors

(art. 2 and art. 6 of the Corporate Governance Code)

The shareholders' meeting of 28 April 2006 decided that there will be 15 members of the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2008.

Pursuant to arts. 16.2 and 16.3 of the Bylaws, the directors are elected on the basis of preference lists submitted by the shareholders in maximum transparency and in accordance with Art. 6.P.1 of the Corporate Governance Code. In accordance with Art. 16.3 of the Bylaws, lists may be submitted by shareholders who, alone or together with others, hold the percent interest determined in accordance with CONSOB regulations. The lists must be filed at the head office at least twenty days in advance of the first-call date of the meeting. The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 ter, fourth paragraph, of the TUF, Art. 16.3, last passage, of the Bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.

In compliance with the Bylaws, the lists must be filed along with the candidates' irrevocable acceptance of office (should they be elected), curriculum vitae, and statements confirming that there are no reasons for ineligibility and/or disqualification and that they meet the requirements set by law.

Art. 16.4 of the Bylaws, reflecting the new provisions of Art. 147-ter, paragraph 3 of the Consolidated Finance Act (as amended by the Investor Protection Law and the Corrective Decree), prohibits any shareholder from submitting or participating in the submission of more than one list. In keeping with the above, Art. 16.7 of the Bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking.

Art. 16.8 of the Bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-ter, para. 3 of the TUF.

The Board of Directors has decided that the use of the preference-list voting system not only complies with the provisions of Law 262/2005 but makes it unnecessary to institute a nominations committee, while ensuring a transparent election procedure and a balanced mix on the Board including an adequate number of independents.

The Board of Directors currently in office was elected by the shareholders' meeting of 28 April 2006, called by notice published in Il Sole 24Ore on 29 March 2006, on the basis of two lists submitted respectively by the majority shareholders, Coop Adriatica and Unicoop Tirreno, and by three minority investors (Fondazione Cassa di Risparmio di Imola, Fondazione Cassa di Risparmio di Bologna, and Unipol Merchant SpA). The shareholders who submitted the lists provided, by the necessary deadline, the candidates' documentation to allow prior review of their personal and professional qualifications, as well as statements concerning the independent status of some candidates and all of their irrevocable acceptances of office.

Pursuant to Art. 32 of the shareholders' agreement between Coop Adriatica and Unicoop Tirreno of 22 December 2004 (amended in June 2006 per a filing of 22 June of that year), which establishes a voting block on 170,516,129 ordinary shares of the Company or 60.414% of the share capital, three members of the Board of Directors were reserved to the minority list.
The shareholders' agreement between Coop Adriatica and Unicoop Tirreno expired on 22 December 2007. On 6 February 2008, the same shareholders signed a new agreement pursuant to Art. 122 of the TUF, involving 170,516,129 ordinary shares or 55.140% of the share capital, of which 157,713,123 shares are bound by a voting block and the remaining ones are free.

Table 1

Board of Directors	
Chairman - Non-executive **Gilberto Coffari**	*Director* - Independent **Riccardo Sabadini**
Vice Chairman - Non-executive **Sergio Costalli**	*Director* - Independent **Fabio Carpanelli**
Chief Executive Officer - Executive **Filippo-Maria Carbonari**	*Director* - Independent **Mauro Bini**
Director - Non-executive **Roberto Zamboni**	*Director* - Non-executive **Claudio Albertini**
Director - Non-executive **Leonardo Caporioni**	*Director* - Independent **Francesco Gentili**
Director - Non-executive **Fernando Pellegrini**	*Director* - Independent **Sergio Santi**
Director - Independent **Massimo Franzoni**	*Director* - Independent **Stefano Pozzoli**
Director - Independent **Aristide Canosani**	

The current composition of the Board of Directors is shown in the table below, which indicates each member's role as executive or non-executive and the independent status of certain members as required by the Corporate Governance Code.

Non-executive directors

(art. 2 of the Corporate Governance Code)

Except for the chief executive officer, all directors are non-executive, as they have no operational powers or management roles within the Company. Their number and profile ensures that Board decisions are well balanced, with particular reference to areas where conflicts of interest may arise.

The non-executive directors contribute their specific technical and strategic expertise to debates, so that topics can be examined from different perspectives, ensuring informed decisions that are in line with the Company's interests.

The independent directors

(art. 3 of the Corporate Governance Code)

The shareholders' meeting of 28 April 2006, in re-electing the corporate bodies, appointed the following independent directors: Massimo Franzoni, Aristide Canosani, Riccardo Sabadini, Fabio Carpanelli, Mauro Bini, Francesco Gentili, Sergio Santi, and Stefano Pozzoli.

Including as required by Art. 3.C.1 of the Corporate Governance Code, for the purpose of confirming their independent status, all of these directors declared to the Company in writing:

(I) that they do not control the Company directly or indirectly, even through companies under their control, trustees or third parties, and are unable to exercise a significant influence over the Company;

(II) that they are not participants in any shareholders' agreement through which one or more parties may exercise control or significant influence over the Company;

(III) that they are not, and have not been in the preceding three financial years, a top representative of the Company, of a strategic subsidiary, or of an entity under joint control with the Company, or of a company or entity which, including jointly with others through a shareholders' agreement, controls the Company or is able to exercise a significant influence over it;

(IV) that they do not, and have not in the preceding financial year, directly or indirectly (e.g. through companies under their control or companies of which they are a top representative, or in their capacity as partner of a professional firm or consulting company), had a significant commercial, financial or professional relationship: (i) with the Company, one of its subsidiaries, or any of its top representatives; (ii) with a party who, alone or with others through a shareholders' agreement, controls the Company; or (iii) with the top representatives of such a party;

(V) that they are not, and have not been in the preceding three financial years, an employee of one of the parties mentioned under point (iv) above;

(VI) that they do not receive, and have not received in the preceding three financial years, from the Company or one of its subsidiaries or parent companies, significant additional compensation apart from their fixed fee as a non-executive director of the Company, including participation in share-based or other performance related incentive schemes;

(VII) that they have not been a director of the Company for more than nine years in the last twelve years;

(VIII) that they are not an executive director of another company in which one of the Company's executive directors is also a director;

(IX) that they are not a shareholder or director of a company or entity belonging to the same network as the firm appointed to audit the Company's financial statements; and

(X) that they are not a close relative of a person fitting the description contained in any of the points above.

In 2008, pursuant to Art. 3 of Corporate Governance Code, the Board of Directors verified that the independent status still applies to these members on the basis of statements rendered by same. The results of this evaluation were disclosed to the market.

Lead Independent Director

At a meeting of 14 February 2007, in order to further enhance the role of independent director, the Board decided to introduce the title of Lead Independent Director. Lead Independent Director Riccardo Sabadini will be the reference person and coordinator for all positions and activities of the independent directors.

The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only (“independent directors' executive sessions”) to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

In 2008 the independent directors met on 22 February 2008, 23 October 2008 and will continue to meet at least once a year.

Offices held by the directors at other companies

(art. 1 of the Corporate Governance Code)

Table 3 at the end of this document reports the offices of director and statutory auditor held by members of the current Board of Directors at other listed companies (Italian and foreign), financial institutions, banks, insurance companies or other entities of significant size.

Powers and representation

(art. 2 of the Corporate Governance Code)

Art. 23.1 of the Bylaws states that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an Executive Committee comprised of some of its members and/or to one or more members given the title of chief executive officer or executive director.

On 3 May 2006, the Board of Directors confirmed Filippo-Maria Carbonari as chief executive officer, granting him the following powers:

- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation;
- to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated;
- to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the preparation and reporting of the annual budget;
- to oversee and coordinate activities concerning general services or the Company's legal/tax issues;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD and third parties and the budgets approved by the Board of Directors, in compliance with applicable provisions of law;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors.

CEO Filippo-Maria Carbonari also serves as General Manager and Chief Financial Officer.
Pursuant to Art. 23 of the Bylaws, the deputized parties shall report at least once per quarter to the Board of Directors and the Board of Statutory Auditors on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries.
Each director may ask the deputized parties to provide the Board with information on the Company's management.
In accordance with Art. 24.1 of the Bylaws, the Company's legal representation and signing authority are held by the chairman or, if the chairman is unavailable, by the vice chairman if appointed. Unless otherwise resolved, legal representation is also held by each executive director.
Company representation for individual deeds or categories of deed may be granted by the legitimate legal representatives to Company employees or third parties.
In consideration of the type of business and the role of the Board of Directors, the Company has not appointed an Executive Committee.
On 3 May 2006, the Board of Directors confirmed Gilberto Coffari as the Company's chairman.

Operating protocol of the Board of Directors
(art. 1 of the Corporate Governance Code)

Pursuant to Art. 17.3 of the Bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes.
Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18.1 of the Bylaws also provides for Board of Directors meetings to be called by the Board of Statutory Auditors or by any member thereof, in accordance with Art. 151, paragraph 2 of the TUF as amended by the Investor Protection Law.

The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.
Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above.
Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.
For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.

The Bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session.
If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the Bylaws the chairman and/or the chief

executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.

During the year ended 31 December 2008, the Board of Directors held 14 meetings (on 7 January, 24 January, 7 February, 21 March, 16 April, 14 May, 12 June, 27 June, 30 July, 27 August, 18 September, 23 October, 13 November, and 11 December), duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused.
Some meetings of the Board of Directors were attended by Company executives or external parties, when deemed appropriate, so they could provide specialized input on the topics up for debate.

Board Committees

Compensation committee

At the Board meeting of 21 March 2008, in accordance with Art. 7.P.E. of the Code, the Board of Directors resolved to form a Compensation Committee.
The Compensation Committee is comprised of three non-executive, independent directors currently in the persons of Riccardo Sabadini, also appointed Chairman, Sergio Santi and Francesco Gentili.
The Compensation Committee submits proposals to the Board for the compensation of directors and management of the company and its related parties which reflect standards of fairness and compensation which will both remunerate and motivate the personnel in possession of the professional deemed useful to the success of the Company and its affiliates.
The Compensation Committee met twice in 2008.

The nomination committee

At the Board meeting of 18 September 2008, the Board of Directors resolved to form a Nomination Committee comprised of three directors in the persons of Mauro Bini, Stefano Pozzoli, independent directors, and Claudio Alberini, a non-executive director.
The Nomination Committee submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management. The Nomination Committee is also called upon to express opinions with regard to the type of Administrative Body (single party or board), the number of members and the candidates to be presented for director and statutory auditor, as well as Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officer) of subsidiaries and affiliates.
The Nomination Committee met twice in 2008.

Executive Committee

At the Board meeting of 18 September 2008, the Board of Directors resolved to form an Executive Committee comprised of the Chairman, the Vice Chairman and the Chief Executive Officer, respectively Gilberto Coffari, Sergio Costalli and Filippo-Maria Carbonari, as well as independent director Sergio Santi and Roberto Zamboni as non executive.
The Executive Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same and is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter have a significant impact on the value or composition of the company's assets or the stock price.
In 2008 the Executive Committee met on 22 October, 10 November and 10 December.

The Compensation System

Compensation system

(art. 5 and art. 7 of the Corporate Governance Code)

Pursuant to Art. 25 of the Bylaws, the members of the Board of Directors receive fees in the amount determined by the shareholders' meeting. The shareholders' resolution, once taken, is also valid for subsequent years until otherwise determined.
The Board of Directors, after consulting the statutory auditors, establishes the compensation for directors with particular responsibilities, including the chairman.
The duties of the newly formed Compensation Committee, in accordance with Art. 2.2.3 of the Market Regulations, are summarized below:

- to submit proposals to the Board for the compensation of executive directors and other directors with particular responsibilities, and to ensure that the Board's decisions are complied with;
- to submit opinions to the Board regarding the general criteria to be used in determining the compensation to be granted the General Manager and other top Company managers;
- to submit opinions to the Board regarding the compensation of the Chairmans, Vice Chairmans and General Managers (and/or Chief Executive Officers) of the subsidiaries deemed strategic based on the proposals submitted by the Chairman and the Parent Company's Chief Executive Officer;
- to submit opinions to the Board regarding the overall compensation to be granted the Board members of the subsidiaries and affiliates.

Intenal Control System and the Internal Control Committee

The Internal control system
(art. 8 of the Corporate Governance Code)

The internal control system is the set of rules, procedures and organizational structures that allow the sound and correct management of the business in keeping with the Company's objectives, by way of the identification, measurement, management and monitoring of business risks.
An effective internal control system helps to safeguard the Company's assets, make transactions efficient and successful, and ensure the reliability of financial information and compliance with laws and regulations.
The Board of Directors shall exercise its functions relating to the internal control system taking into due consideration the reference models and the international best practices. Toward this end, the Board relies on both the Internal Control Committee and Internal Audit of which the Head of Internal Control is part.
With regard specifically to the evaluation of the internal system in 2008 the Board, based on the evaluation of the Internal Control Committee, evaluated the overall adequacy of the internal control system.

The Internal control committee
(art. 8 of the Corporate Governance Code)

The Internal Control Committee was established by the Board of Directors in accordance with the Rules for Corporate Governance and the Corporate Governance Code.
The Internal Control Committee is made up of three non-executive directors, two of whom are independent, in the persons of Aristide Canosani, Massimo Franzoni and Leonardo Caporioni.
The Board of Directors considers Leonardo Caporioni to have sufficient accounting and financial experience.
The Board of Directors named Chief Executive Officer Filippo-Maria Carbonari as the executive director in charge of supervising the proper functioning of the internal control system, as required by the Corporate Governance Code.
As recommended by Mr. Carbonari and after consulting the Internal Control Committee, the Board of Directors appointed the head of internal control from within the Internal Audit department, outsourced to the company Unilab.
The Internal Control Committee, in addition to assisting the Board of Directors on the matters above:

a) reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control system;
b) prepares two memos on the Company's related party transactions during the period—one to be published as part of the directors' announcement of the approval of the draft full year financial statements and the other regarding approval of the half-year report—including comments on whether such transactions are in the Company's interests, how the prices were determined, and the fairness of such prices with respect to going market rates;
c) examines in advance any related party transactions falling under the competence of the Board of Directors, and forms non-binding opinions for the Board;
d) judges the proper use of the accounting standards and their uniformity for purposes of the consolidated financial statements, together with the financial reporting officer (when appointed) and the external auditors;
e) at the request of the executive director in charge, expresses opinions on specific aspects concerning the identification of business risks and on the planning, realization and management of the internal control system;
f) evaluates the plan of work and periodic reports prepared by the internal control officers;
g) evaluates accounting firm's bids for the external auditing assignment, and reviews the external auditing plan and the auditors' reports and recommendations;
h) monitors the external auditing process;
i) performs additional tasks as assigned by the Board of Directors.

The chairman of the Board of Statutory Auditors or another auditor designated thereby participates in the work of the Internal Control Committee.
In 2008 the Internal Control Committee met six times, on 20 March, 14 May, 30 July, 7 August, 22 October and 12 November.

Financial reporting officer

Art. 23.5 of the Bylaws, in compliance with Art. 154-bis of the TUF, requires the Board of Directors (with input from the Board of Statutory Auditors) to appoint a financial reporting officer and describes the qualifications this person must have.

On 5 July 2007, after receiving a favourable opinion from the statutory auditors, the Board of Directors appointed Grazia Margherita Piolanti as the financial reporting officer for an indefinite period and invested her with responsibilities, powers and means.
The Financial Reporting Officer has access to adeguate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements as well as all other financial documents.
In this regard, in 2008 the firm Deloitte was appointed to evaluate the current accounting procedures used in drafting the separate and consolidated financial statements.

Executive director responsible for internal controls

Pursuant to Art. 8.C.1., lett. b) of the Code in 2007 the Board, assisted by the Internal Control Committee, appointed the Chief Executive Officer to act as executive director responsible for internal controls and to perform the duties described in point 8.C.5. of the Code – supported by the Internal Control Committee and the Head of Internal Control – and also granted him the amplest of powers in order to guarantee full compliance with the Code.

Head of internal control

In 2007 the Board, after consulting with the Internal Control Committee and as per the recommendation of the Executive Director, appointed the head of internal control from within the Internal Audit department, outsourced to the company Unilab insofar that this choice was viewed as the most cost efficient and effective given the independent nature and expertise of the candidate.

The head of internal control prepares a plan of work for the audit activities and monitors the internal control system. In order to do so the officer has access to all useful information. More in detail, the officer verifies that the rules and procedures adopted by the Company in order to reach its objectives are complied with and that the company structures are adequate. The officer also reports periodically to the Internal Control Committee and to the Supervisory Body.

As the Head of Internal Control is part of the company assigned to perform the internal audit the former receives no compensation as it is included in the fees paid to the latter company.

The Organizational model

(art. 8 of the Corporate Governance Code)

In 2006, the Internal Control System was also implemented through the adoption of an Organizational Model, approved by the Board of Directors on 12 May 2006.

The Organizational Model aims to ensure compliance with Legislative Decree 231/2001, which instituted corporate liability for legal offenses committed by top management or their subordinates.

The Organizational Model is completed by the formation of a Compliance Committee with independent powers of initiative and control, which oversees the functioning of and compliance with the Model and makes sure it is kept up-to-date.

The Compliance Committee is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Sergio Santi and Francesco Gentili. In 2008 it met four times, on 21 March, 12 June, 30 July and 5 November.

Treatment of Corporate Information and Code of conduct for internal dealing

Treatment of Corporate Information

(art. 4 of the Corporate Governance Code)

The Corporate Governance Code requires directors and statutory auditors to keep confidential the documents and information obtained during the course of their duties and to follow the procedure the company has adopted for the internal management and disclosure to third parties of such data.

In this regard, the Company adopted an internal procedure for the secure, confidential management and disclosure of privileged ("price sensitive") information .

The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

Code of conduct for internal dealing

In accordance with Art. 114, paragraph 7 of Legislative Decree 58 of 24 February 1998, as amended (the "Consolidated Finance Act" or TUF), and with the implementation provisions found in Arts. 152-sexies et seq. of the CONSOB regulations approved with Resolution 11971 of 14 May 1999, as amended (the "Regulations for Issuers"), on 14 December 2006 and with effect from 1 January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company's shares or on related financial instruments.

The code of conduct is available at www.gruppoigd.it in the Investor Relations section.

Directors' interests and related party transactions

(art. 9 of the Corporate Governance Code)

On the subject of related party transactions, on 14 February 2007 the Board of Directors, supplementing the guidelines and criteria for the identification of significant and related party transactions, approved the adoption of specific standards of conduct governing the main substantial and procedural aspects of such transactions. The standards also apply to transactions outside the exclusive competence of the Board of Directors, and are briefly described below.

Related party transactions are managed according to particular standards of substance and procedure. The definition of "related parties" is that contained in the International Accounting Standard for related party disclosures (IAS 24), adopted according to the procedure stated in Art. 6 of Regulation (EC) No. 1606/2002.

For the purposes of these standards, typical or common transactions and those to be settled under arm's-length conditions are not treated as related party transactions.

Typical or common transactions are those which, by object or kind, are not extraneous to the normal course of business, as well as transactions that are not problematic due to their characteristics and risk profile.

Transactions settled under arm's-length conditions are those whose terms do not differ significantly from those usually applying to business with unrelated parties.

In the event of related party transactions falling under the exclusive competence of the Board of Directors, the Board must receive sufficient information on the nature of the relationship, the means of executing the transaction, the timing and economic conditions, the evaluation procedure followed, the rationale for the transaction, and any risks for the Company.

Once suitably informed by the deputized parties and providing it finds the transaction appropriate in consideration of its nature, amount and other characteristics (pursuant to Art. 9

of the Corporate Governance Code), the Board may require that the transaction be concluded with input from one or more experts who will evaluate the economic conditions and/or means of execution/technique. Such experts must be of acknowledged experience and skill, and their independence and lack of personal interest in the transaction must be verified.
In the choice of such experts (banks, accounting firms, law firms, or other skilled professionals), the Board will carefully evaluate their independence, considering—in the most significant cases—the use of different experts for each related party.
Directors who have an even potential or indirect interest in a related party transaction must inform the Board in advance, providing details of the situation. On a case-by-case basis, depending on the information provided by the director and bearing the Board's responsibilities in mind, the Board will decide whether to ask the director: (i) to leave the room before discussion begins and until the resolution is taken; or (ii) to abstain from the vote.

Investor relations

(art. 11 of the Corporate Governance Code)

The Company strives to maintain a constant dialogue with its shareholders and investors based on an understanding of mutual roles, and regularly organizes meetings with the Italian and international financial community in full compliance with laws on price-sensitive information.
The Board of Directors has thus appointed an Investor Relations Manager, and set up a dedicated unit and a section on the Company's website (www.gruppoigd.it).
In this section, investors can download a complete range of documents regarding IGD's accounts and corporate governance.

Shareholders' meetings

Pursuant to Art. 10.3 of the Bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.
The current regulations, approved by the shareholders on 26 March 2003 and available in the Investor Relations section at www.gruppoigd.it, aims to ensure orderly, effective meetings by governing the various phases in which they take place, in accordance with each shareholder's fundamental right to ask for clarification, express opinions and formulate proposals.

The statutory auditors

(art. 10 of the Corporate Governance Code)

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose.
According to Art. 16 of the Bylaws, the following procedure applies:

1. from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;
2. the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.
3. In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected.

The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Statutory Auditors.
Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

(a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;
(b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:
- _ all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
- _ sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.
The Board of Statutory Auditors appointed during the Shareholders' Meeting held on 28 April 2006, is comprised of three standing and two alternate auditors: Romano Conti (Chairman), who appeared on the minority list, Roberto Chiusoli (standing auditor), who appeared on the majority list, Franco Gargani (standing auditor), who appeared on the majority list, Isabella Landi (alternate auditor), who appeared on the majority list, and Andrea Parenti (alternate auditor), who appeared on the majority list. The latter was appointed by the shareholders during the meeting held on 23 April 2007 to replace outgoing member Andrea De Lucia.
In accordance with Art. 148, para. 2 bis of the TUF, as

amended by the Investor Protection Law, the chairman of the Board of Statutory Auditors is appointed by the shareholders from among the auditors elected by the minority. Thus, in the election of the current Board of Statutory Auditors, the Company did not follow Arts. 26.4 and 26.5 of the By-laws—as revised by the extraordinary shareholders' meeting of 23 April 2007—which state that the chairman is the first candidate on the list receiving the second highest number of votes.
In 2008 the Board of Statutory Auditors met six times on 5 March, 5 April, 23 May, 29 May, 30 July and 30 October. Additional meetings were held specifically with the Company's management, with external auditors, and with the Internal Control Committee.

In accordance with the Corporate Governance Code, the Board of Statutory Auditors has confirmed the adequacy of the criteria and procedures used by the Board of Directors to review the independent status of its members.
The Board of Statutory Auditors supervises the work of the external auditors. The extraordinary shareholders' meeting of 23 April 2007 voted to amend Art. 27.2 of the Bylaws, to state that the external auditing assignment be granted by the ordinary shareholders' meeting at the recommendation of the statutory auditors.
The following table lists the statutory auditors in office.

Table 2

Statutory Auditors	
Chairman	Romano Conti
Standing Auditor	Roberto Chiusoli
Standing Auditor	Franco Gargani
Alternate auditor	Isabella Landi
Alternate auditor	Andrea Parenti

Table 3

List of offices held	
Name	**Gilberto Coffari**
Title at IGD	*Chairman (non-executive)*
Offices - 2008	• UNIPOL GRUPPO FINANZIARIO spa, Bologna, Director;
	• COOP ADRIATICA scarl, Castenaso (BO), Chairman of the BoD, General Manager;
	• UNIPOL BANCA spa, Bologna, Director and Vice Chairman;
	• UNIPOL MERCHANT spa, Bologna, Director;
	• CENTRALE ADRIATICA s. c.a.r.l., Modena (MO), Director;
	• FEDERCOOP NULLO BALDINI SOC. COOP, Ravenna, Director;
	• FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA, Ravenna, Director;
	• HOLMO S.P.A., (BO), Director.
Name	**Sergio Costalli**
Title at IGD	*Vice Chairman (non-executive)*
Offices - 2008	• UNICOOP TIRRENO s.coop., Livorno, Vice Chairman and CEO;
	• UNIPOL GRUPPO FINANZIARIO spa, Bologna, Director;
	• UNIPOL ASSICURAZIONI spa, Bologna, Director;
	• UNIPOL MERCHANT spa, Bologna, Director;
	• FINSOE spa, Bologna, Director;
	• HOLMO spa, Bologna, Director,
	• VIGNALE COMUNICAZIONI SRL, Vignale Riotorto (LI).
Name	**Filippo Maria Carbonari**
Title at IGD	*Chief Executive Officer*
Offices - 2008	• CORTICELLA MOLINI E PASTIFICI spa, Bologna, Director;
	• FINANZIARA BOLOGNESE- FI.BO spa, Bologna, Director;
	• FORTE DI BRONDOLO soc. consortile, Castenaso, Chairman;
	• PORTA MEDICEA srl, Livorno, Director;
	• CFG srl, Pesaro, Receiver;
	• MILLENNIUM GALLERY srl, Ravenna, Sole Director;
	• IMMOBILIARE LARICE srl, Ravenna, Sole Director;
	• NIKEFIN ASTI srl, Ravenna (RA), Sole Administrator;
	• WINMAGAZINE S.a. Bucharest- Romania, Chairman;

follow: List of offices held

Name	**Claudio Albertini**
Title at IGD	*Director (non-executive)*
Offices - 2008	• CEFLA SERVICE spa, Imola, Standing Auditor;
	• COOPERLEASING spa, Bologna, Director;
	• EARCHIMEDE spa, Brescia, Vice Chairman;
	• FI.BO spa, Bologna, Director;
	• FIN.PA.S. spa, Florence, Director;
	• NOMISMA spa, Bologna, Director;
	• PEGASO FINANZIARIA spa, Bologna, Director;
	• PROTOS spa, Rome, Director;
	• SOFINCO spa, Modena, Director;
	• UNIPOL PRIVATE EQUITY SGR spa, Bologna, Director.
	• HOTEL VILLLAGGIO CITTA' DEL MARE S.p.A., Terrasini (PA), Chairman.

Name	**Mauro Bini**
Title at IGD	*Independent director*
Offices - 2008	• ITALMOBILIARE spa. – Director
	• ARCA SGR SPA, Milano, Director
	• WMETRICS SGR, Milano, Sole Administrator

Name	**Aristide Canosani**
Title at IGD	*Independent director*
Offices - 2008	• UNICREDIT BANCA spa, Bologna, Chairman of the Board of Directors;
	• CARIMONTE HOLDING spa, Bologna, Director;
	• CNP UNICREDIT VITA spa, Milan, Director;
	• FONDAZIONE FANTI MELLONI, Bologna, Director.
	• CREDITRAS VITA, Chairman;
	• CREDITRAS ASSICURAZIONI, Chairman;
	• AVIVA S.p.A., Director;
	• COOP ADRIATICA scarl, Castenaso (BO), Director.

Name	**Leonardo Caporioni**
Title at IGD	Director (non-executive)
Offices - 2008	• COOPFOND spa, Rome, Director;
	• TIRRENO LOGISTICA srl, Vignale Riotorto (LI), Vice Chairman;
	• IMMOBILIARE SVILUPPO DELLA COOPERAZIONE spa, Livorno, Vice Chairman;
	• COMPAGNIA FINANZIARIA ED IMMOBILIARE spa, Livorno, Chairman of the Board of Statutory Auditors.
	• COOPERARE SVILUPPO S.p.A., Director;
	• VIGNALE IMMOBILIARE S.p.A., Director;
	• COOPERATIVA LAVORATORI delle COSTRUZIONI s.c.(CLC s.c), Director;
	• MIMOSA S.p.A., Alternate Auditor.

Name	**Fabio Carpanelli**
Title at IGD	*Independent director*
Offices - 2008	• MANUTENCOOP FACILITY MANAGEMENT S.p.A., Chairman Supervisory Board;
	• Portamedicea s.r.l., Livorno, Chairman
	• AUTOSTAZIONE DI BOLOGNA spa, Bologna, Chairman

Name	**Massimo Franzoni**
Title at IGD	*Independent director*
Offices - 2008	• CARIMONTE HOLDING spa, Bologna, Director;
	• UNIPOL GRUPPO FINANZIARIO spa, Bologna, shareholders' representative.

Name	**Francesco Gentili**
Title at IGD	*Independent director*
Offices - 2008	• BANCA DELLA MAREMMA CREDITO COOPERATIVO DI GROSSETO, Grosseto (GR), Director;

Name	**Fernando Pellegrini**
Title at IGD	*Director (non-executive)*
Offices - 2008	• SIMGEST SpA, Director and member of the Executive Committee
	• SO.GE.FIN Srl, Chairman
	• TIRRENO FINANZIARIA Srl, Chairman and CEO

Name	**Stefano Pozzoli**
Title at IGD	*Independent director*
Offices - 2008	• IL PINO spa, Firenze (FI) Director.

Name	**Riccardo Sabadini**
Title at IGD	*Independent director*
Offices - 2008	• COOPOLIS SPA, Ravenna (RA), Director
	• DINAZZANO PO SPA, Reggio Emilia (RE), Director
	• PORTO INTERMODALE RAVENNA SPA, SAPIR, Ravenna (RA), Director

Name	**Sergio Santi**
Title at IGD	*Independent director*
Offices - 2008	• ECOLOGIA AMBIENTE srl, Ravenna, Standing Auditor;
	• GALSI spa, Milan, Standing Auditor;
	• HERACOMM srl, Imola (BO), Standing Auditor;
	• HERA LUCE srl, San Mauro Pascoli (FC), Standing Auditor;
	• HERA RETE MODENA srl, Modena, Standing Auditor;
	• HERA TRADING srl, Imola (BO), Standing Auditor;
	• SET spa, Milan, Standing Auditor;
	• UNIFLOTTE srl, Bologna, Standing Auditor;
	• GASTECNICA GALLIERA srl, Bologna, Standing Auditor;
	• MODENA NETwork spa, Modena, Standing Auditor;
	• AMBIENTE MARE spa, Ravenna, Alternate Auditor;
	• ARES spa consortile, Bologna, Alternate Auditor;
	• MEDEA spa Unipersonale, Sassari, Alternate Auditor;
	• FERONIA srl, Finale Emilia (MO), Alternate Auditor;
	• FRULLO ENERGIA AMBIENTE srl, Bologna, Alternate Auditor;
	• GAL A spa, Bologna, Alternate Auditor;
	• ROMAGNA COMPOST srl, Cesena (FC), Alternate Auditor;
	• ERIS Soc. Cons. a r.l., Ravenna, Alternate Auditor;
	• HERA ENERGIE BOLOGNA srl, Bologna, Alternate Auditor;
	• SINERGIA srl, Forlì (FC), Alternate Auditor;
	• FAMULA ON-LINE S.p.A, Bologna, Alternate Auditor;
	• FONDAZIONE CASSA DI RISPARMIO DI IMOLA, Imola (BO), Chairman of the Board of Directors;
	• AMGC spa, Genoa, Director;
	• WIMAXER S.p.A., Chairman of the Board of Statutory Auditors;
	• HERA ENERGIE RINNOVABILI S.p.A., Standing Auditor
	• HERA S.p.A., Chairman of the Board of Statutory Auditors;
	• HERA COMM MEDITERRANEA srl, Alternate Auditor;
	• HERA COMM MARCHE srl, Alternate Auditor;
	• RECUPERA srl, Alternate Auditor;
	• CONSORZIO ENERGIA SERVIZI BOLOGNA, Alternate Auditor;
	• ECOSFERA srl, Alternate Auditor.

Name	**Roberto Zamboni**
Title at IGD	*Director (non-executive)*
Offices - 2008	• FAENZA SVILUPPO AREA MARCUCCI srl, Villanova (BO), Chairman of the Board of Directors, Director;
	• INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA s.coop., Sesto Fiorentino (FI), Director;
	• UNAGRO spa, Ravenna, Director;
	• INIZIATIVE BOLOGNA NORD srl, Casalecchio di Reno (BO), Director;
	• FORUM srl, Forlì (FO), Director.

2.3 | Consolidated Financial Statements

2.3.1 Consolidated balance sheet

Consolidated balance sheet Amounts in thousands of euros	Note	31/12/2008 (A)	31/12/2007 (B)	Change (A-B)
Non current assets:				
Intangible assets				
- Intangible assets with a finite useful life	1	186	7	179
- Goodwill	2	10,752	26,670	(15,918)
		10,938	26,677	(15,739)
Plant, property and equipment				
- Real estate investments	3	1,245,140	947,805	297,335
- Plants and machinery	4	1,130	328	802
- Equipment and other goods	4	693	457	236
- Leasehold improvements	4	1,664	123	1,541
- Assets under construction	5	241,886	168,147	73,739
		1,490,513	1,116,860	373,653
Other non current assets				
- Prepaid taxes	6	8,102	2,877	5,225
- Sundry receivables and other non current assets	7	6,634	18,018	(11,384)
- Non current financial assets	8	29	5,654	(5,625)
		14,765	26,549	(11,784)
Total non current assets (A)		**1,516,216**	**1,170,086**	**346,130**
Current assets:				
Inventories for assets under construction	9	49,970	-	49,970
Inventories		7	-	7
Trade and other receivables	10	10,272	9,508	764
Trade and other receivables fr. related parties	11	477	135	342
Other current assets	12	31,363	19,475	11,888
Financial receivables and other financial receivables fr. related parties	13	651	62	589
Financial receivables and other financial receivables	13	57	40,452	(40,395)
Cash and cash equivalents	14	65,886	123,074	(57,188)
Total current assets (B)		**158,683**	**192,706**	**(34,023)**
Total assets' (A + B)		**1,674,899**	**1,362,792**	**312,107**
Net equity:				
Portion pertaining to the Parent Company	15	742,816	741,013	1,803
Portion pertaining to minorities	15	61	157	(96)
Total net equity (C)		**742,877**	**741,170**	**1,707**
Non current liabilities:				
Non current financial liabilities	16	598,041	478,096	119,945
Employee severance indemnity fund (TFR)	17	501	364	137
Deferred tax liabilities	6	41,377	90,450	(49,073)
Provisions for risks and future charges	18	2,553	643	1,910
Sundry payables and other non-current payables	19	26,110	197	25,913
Sundry payables and other non-current payables w. related parties	19	11,623	11,537	86
Total non current liabilities (D)		**680,205**	**581,287**	**98,918**
Current liabilties:				
Current financial liabilities	20	148,805	29,277	119,528
Current financial liabilities w. related parties	20	53,682	3,489	50,193
Trade and other payables	22	30,234	3,552	26,682
Trade and other payables w. related parties	23	628	920	(292)
Current tax liabilities	24	9,886	939	8,947
Other current liabilities	25	8,582	2,158	6,424
Total current liabilities (E)		**251,817**	**40,335**	**211,482**
Total liabilities (F=D + E)		**932,022**	**621,622**	**310,400**
Total net equity and liabilities (C + F)		**1,674,899**	**1,362,792**	**312,107**

2.3.2 Consolidated income statement

Consolidated income statement Amounts in thousands of euros	Note	31/12/2008 (A)	31/12/2007 (B)	Change (A-B)
Revenues:		**87,757**	**67,136**	**20,621**
- revenues fr. third parties	26	57,743	38,355	19,388
- revenues fr. related parties		30,014	28,781	1,233
Other income:		**13,690**	**9,928**	**3,762**
- other income	27	12,529	9,272	3,257
- other income fr. related parties		1,161	656	505
Total revenues and operating income		**101,447**	**77,064**	**24,383**
Changes in inventories for works in progress	31	49,717	0	49,717
Construction costs for works in progress	31	(49,717)	0	(49,717)
Income from works in progress		**0**	**0**	**0**
Purchase of materials and services:		**28,773**	**21,802**	**6,971**
- purchase of materials and services	28	25,550	18,647	6,903
- purchase of materials and services fr. related parties	28	3,223	3,155	68
Cost of labor	**29**	**6,161**	**4,035**	**2,126**
Other operating costs	**30**	**7,588**	**3,311**	**4,277**
Total operating costs		**42,522**	**29,148**	**13,374**
EBITDA		**58,925**	**47,916**	**11,009**
(Amortization and depreciation)		(672)	(299)	(373)
(Goodwill impairment)	32	(19,092)	0	(19,092)
Change in fair value - increases / (decreases)	32	(2,589)	30,662	(33,251)
EBIT		**36,572**	**78,279**	**(41,707)**
Income from equity investments	33	92	0	92
Income from equity investments		**92**	**0**	**92**
Financial income	**34**	**5,843**	**6,100**	**(257)**
- fr. third parties		5,608	6,069	(461)
- fr. related parties		235	31	204
Financial charges	**34**	**31,779**	**20,672**	**11,107**
- w. third parties		30,483	20,221	10,262
- w. related parties		1,296	451	845
Net financial result		**(25,936)**	**(14,572)**	**(11,364)**
Pre-Tax Profit		**10,728**	**63,707**	**(52,979)**
Income tax for the period	35	(32,609)	11,392	(44,001)
Net profit for the period		**43,337**	**52,315**	**(8,978)**
Pertaining to:				
* the Parent Company		43,337	52,315	(8,978)
* Minorities		0	0	0
- base earnings per share	36	0,143	0,174	
- diluted earnings per share	36	0,153	0,174	

2.3.3 Statement of changes in net equity

Amounts in thousands of euros	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings/ (losses)	Net profit for the year	Net equity	Minorities	Total
Balance at 31/12/2006	**282,249**	**76,180**	**1,358**	**161,480**	**2,383**	**56,680**	**580,331**	**8**	**580,339**
Change in fair value in the period				1,540			1,540		1,540
Capital increase	27,000	71,550		(3,312)			95,238		95,238
Convertible bond issue				29,695			29,695		29,695
Tax effect recognized directly at net equity				(8,226)			(8,226)		(8,226)
Change in scope of consolidation								149	149
Allocation of 2006 profit									
- payment of dividends						(9,879)	(9,879)		(9,879)
- undistributed earnings reserve				1,159		(1,159)	0		0
- legal reserves			2,776			(2,776)	0		0
- other reserves				35,808	7,058	(42,866)	0		0
- reclassifications				725	(725)		0		0
Net income for the period						52,315	52,315	0	52,315
Balance at 31/12/2007	**309,249**	**147,730**	**4,134**	**218,870**	**8,715**	**52,315**	**741,013**	**157**	**741,170**

Amounts in thousands of euros	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings/ (losses)	Net profit for the year	Net equity	Minorities	Total
Balance at 31/12/2007	**309,249**	**147,730**	**4,134**	**218,870**	**8,715**	**52,315**	**741,013**	**157**	**741,170**
Change in fair value in the period				(9,333)			(9,333)		(9,333)
Purchase of treasury shares	(10,977)			(11,276)			(22,252)		(22,252)
Tax effect recognized directly at net equity				6,229			6,229		6,229
Translation reserve				598			598		598
Distributed reserves							0	(96)	(96)
Allocation of 2007 profit									
- payment of dividends						(16,776)	(16,776)		(16,776)
- undistributed earnings reserve				12,283		(12,283)	0		0
- legal reserves			2,022			(2,022)	0		0
- other reserves				18,239	2,994	(21,234)	0		0
Net income for the period						43,337	43,337	0	43,337
Balance at 31/12/2008	**298,273**	**147,730**	**6,156**	**235,610**	**11,710**	**43,337**	**742,816**	**61**	**742,877**

2.3.4. Statement of cash flows

Statement of cash flows (amounts in thousands of euros)	31/12/2008	31/12/2007
Cash flows generated by operations:		
Net profit for the year	**43,337**	**52,315**
Reconciliation of the net profit for the period with the cash flows generated (absorbed) by operations:		
(Gains) losses and other non cash entries	(156)	(168)
Depreciation	672	299
Impairment due to consolidation	19,092	0
Net change in deferred taxes and liabilities	(69,659)	6,619
Change in the fair value of real estate investments	2,589	(30,663)
Change in inventories	(49,713)	0
Net change in current assets and liabilities	31,061	(10,385)
Net change in current assets and liabilities w. related parties	(933)	0
Net change in non current assets and liabilities	39,335	(7,277)
Net change in non current assets and liabilities w. related parties	86	0
Cash flows generated by operations (A)	**15,711**	**10,741**
Investments in plant, property and equipment	(111,418)	(18,304)
Investments in equity investments of subsidiaries	(208,465)	(89,879)
Cash flows absorbed by investment activities (B)	**(319,882)**	**(108,183)**
Change in non current financial assets	10	0
Change in current financial receivables and other financial assets	40,395	(40,507)
Change in current financial receivables and other financial assets fr. related parties	(290)	0
Shareholder deposits increasing net equity	0	98,550
Purchase of treasury shares	(22,252)	0
Change in net equity due to IPO costs and other changes	598	(3,312)
Convertible bond issue	0	29,695
Change in minorities	(96)	149
Payment of dividends	(16,776)	(9,879)
Change in current financial debt	119,528	(152,550)
Change in current financial debt w. related parties	43,303	0
Change in non current financial debt	73,600	277,288
Cash flows generated by financing activities (C)	**238,020**	**199,434**
Net increase (decrease) in cash and cash equivalents	**(66,152)**	**101,992**
Opening cash and cash equivalents	**123,074**	**20,492**
Cash and cash equivalents acquired through consolidation of equity investments	**8,964**	**590**
Closing cash and cash equivalents	**65,886**	**123,074**

2.4 | Notes to the financial statements

Form and content of the consolidated financial statements of IGD SIIQ SpA

Introduction

The consolidated financial statements of Immobiliare Grande Distribuzione at 31 December 2008 were approved and authorized for publication by the Board of Directors on 12 March 2009.
Immobiliare Grande Distribuzione SIIQ SpA (IGD SIIQ SpA or IGD) is a company set up and organized under Italian law. The IGD Group manages and leases properties, with the goal of profiting from its real estate portfolio through (1) the acquisition, construction and leasing of retail properties (commercial centers, hypermarkets, supermarkets and malls), and (2) the optimization of yields on the properties it owns outright or the sale of malls at a profit. It also provides a wide range of services, through agency and facility management operations to properties owned by the Company and third parties.
The parent company IGD SIIQ SpA belongs to the Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2008 consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed last year, with the following exceptions:
As from 1 January 2008 the IGD Group has adopted the new or revised IFRS and the new or revised IFRIC interpretations listed below:

- IFRIC 11 IFRS 2 - Group and treasury share transactions)
- IFRIC 12 - Service concession arrangements
- IFRIC 14 IAS 19 - Reporting of defined benefit assets, minimum funding requirements and their interaction.

The Group has also opted for early adoption of the following IFRS and IFRIC interpretations:

- IFRIC 13 - Customer loyalty programs, effective from 1 July 2008.

The adoption of these revised standards and interpretations has had no impact on the IGD Group's consolidated financial statements. They have, however, given rise to additional disclosures.

<u>IFRIC 11 (IFRS 2 – Group and treasury share transactions)</u>
This interpretation requires that agreements giving employees the right to a company's own equity instruments be treated as equity-settled plans even if the company acquires the instruments from a third party or if they are provided by the shareholders. It has had no impact on the Group's results or financial position.

<u>IFRIC 12 - Service concession arrangements</u>
IFRIC 12 was issued in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations they undertake and rights they receive in service concession arrangements. The IGD Group is not a service concession operator, so IFRIC 12 will have no effect on the financial statements.

<u>IFRIC 14 - IAS 19 - The limit on a defined benefit asset.</u>
Minimum funding requirements and their interaction.
The interpretation provides guidance on how to assess the limit on the amount of the surplus of a defined benefit plan that can be recognized as an asset in accordance with IAS 19 - Employee Benefits. The IGD Group has changed its valuation policy accordingly. The interpretation has had no impact on the Group's results or financial position.

<u>IFRIC 13 - Customer loyalty programs</u>
IFRIC 13 was issued in June 2007. This interpretation requires that award credits granted to customers be accounted for as a separate component of the sales transaction(s) in which they were earned, and therefore that part of the fair value of the consideration received be allocated to the credits and amortized until the awards are redeemed. Its adoption has had no impact on the consolidated financial statements as there are no customer loyalty programs currently in place.

Changes effective as of 1 January 2009:

<u>IAS 1 Revised - Presentation of financial statements</u>
The revised IAS 1 - Presentation of financial statements was approved in September 2007 and is effective for annual periods beginning on or after 1 January 2009. It specifies the correct presentation of changes in controlling interests and minority interests. The statement of changes in net equity will only provide details of transactions concerning group net equity, while all changes concerning minority interests will be presented on a single line. The revision also introduces the statement of comprehensive income, which includes all profit or loss items for a period plus other comprehensive income recognized in that period. Comprehensive income can be presented in a single statement or in two related statements. The IGD Group is considering whether to use one statement or two.

<u>IAS 23 - Borrowing costs</u>
In March 2007, the IASB issued a revised version of IAS 23 - Borrowing costs, 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 that takes a substantial period of time to get ready for use or sale. The standard can be applied either prospectively or by capitalizing borrowing costs incurred as from 1 January 2008. The IGD Group is still considering which option to take.

IFRS 2 - Share-based payments – Vesting conditions and cancellations

This amendment to IFRS 2 - Share-based payments was published in January 2008 and is effective for annual periods beginning on or after 1 January 2009. It restricts the definition of "vesting conditions" to conditions that 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 that is under the control of the entity or the counterparty, this must be accounted for as a cancellation. The IGD Group has no share-based payment plans with non-vesting conditions, and therefore does not expect significant effects for the recognition of option-based payment agreements.

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

The changes to IAS 32 and IAS 1 were approved in February and are effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires that certain "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 to the financial statements must provide information on "puttable" options classified as equity. The IGD Group does not expect these changes to affect the financial statements.

IFRS 8 - Operating Segments

IFRS 8 requires that an entity disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. It sets disclosure requirements in respect of operating segments, products and services, geographical areas and major customers.

IFRIC 16 - Hedges of a net investment in a foreign operation with reference to IAS 39 and IAS 21

IFRIC 16 was issued in July 2008 and is effective for periods beginning on or after 1 October 2008. It must be applied prospectively. IFRIC 16 clarifies how to treat hedges of a net investment in a foreign operation. Specifically, it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment; and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, which must be recycled on disposal of the net investment. IFRIC 16 will not affect the consolidated financial statements as the IGD Group has no such hedges.

IFRIC 15 - Agreements for the construction of real estate.

IFRIC 15 was issued in July 2008 and is effective for periods beginning on or after 1 January 2009. It must be applied retrospectively. IFRS 15 clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction is completed. It also provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 will not have a significant impact on the consolidated financial statements.

Changes effective as of 1 January 2010:

IFRS 3 - Business combinations and
IAS 27 - Consolidated and separate financial statements.

The main changes were issued in January 2008 and are effective for periods beginning on or after 1 July 2009.
IFRS 3R introduces a number of changes in accounting for business combinations occurring after that date, which will impact the amount of goodwill recognized, the results in the period that an acquisition occurs, and future results. IFRS 3 now requires the expensing of ancillary costs associated with business combinations and allows companies to recognize 100% of the goodwill of the acquired entity, including that attributable to minority investors (the "full goodwill method”).
IAS 27R addresses changes in the equity interest held in a subsidiary (without loss of control). The effects of acquiring additional shares of a subsidiary or partially disposing of a subsidiary without losing control are accounted for as equity transactions.
The changes to IFRS 3 and IAS 27 will impact future business combinations, operations leading to loss of control of a subsidiary, and transactions with minority investors. Early adoption is permitted, but the Group does not plan to take this option.

The Group is evaluating the potential impact of applying IFRS 8 and IAS 1, while no impact is expected for the other standards and interpretations.

Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenues, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.

Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

The financial statements, tables and explanatory notes are expressed in thousands of euro, unless specified otherwise.

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2008, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.

With respect to end-2007, the scope of consolidation has changed due to:

- the incorporation of Porta Medicea Srl, held 80% by Immobiliare Larice Srl and 20% by Azimut-Benetti SpA; in accordance with a put agreement signed with the minority shareholders, this investment is consolidated at 100%
- the acquisition of Win Magazin SA; in accordance with a put & call agreement signed with the minority shareholders, this investment is consolidated at 100%
- the acquisition of Winmarkt Management Srl
- the incorporation of RGD Gestioni Srl and the acquisition of New Mall Srl by RGD Srl

For further information see the Investments section.

The following table list the companies consolidated by the IGD Group at 31 December 2008.

companies consolidated by the IGD Group

Name	**Immobiliare Larice s.r.l.**	Name	**RGD s.r.l**
% held	100%	% held	50%
Control	IGD SIIQ SpA	Control	Immobiliare Larice Srl
Registered office	Ravenna - via Villa Glori 4	Registered office	Milan - via Dante 7
Share capital (in EUR)	75,071,221.00	Share capital (in EUR)	52,000.00
Consolidation method	Line-by-line	Consolidation method	Proportional
Operations	Shopping mall management	Operations	Purchase and sale of real estate
Name	**Consorzio Forte di Brondolo**	Name	**RGD Gestioni Srl**
% held	75.79%	% held	50%
Control	IGD SIIQ SpA	Control	RGD Srl 100%
Registered office	Castenaso (Bologna) - via Villanova 29/7	Registered office	Milan - via Dante 7
Share capital (in EUR)	63,033.35	Share capital (in EUR)	10,000.00
Consolidation method	Line-by-line	Consolidation method	Proportional
Operations	Urban development consortium	Operations	Shopping mall management
Name	**Millenium Gallery Srl**	Name	**New Mall Srl**
% held	100%	% held	50%
Control	IGD SIIQ SpA	Control	RGD Srl 100%
Registered office	Ravenna - via Villa Glori 4	Registered office	Turin - via B. Buozzi 5
Share capital (in EUR)	100,000.00	Share capital (in EUR)	60,000.00
Consolidation method	Line-by-line	Consolidation method	Proportional
Operations	Shopping mall management	Operations	Shopping mall management
Name	**Nikefin Asti Srl**	Name	**Consorzio dei proprietari del Centro comm.le Leonardo**
% held	100%	% held	52%
Control	IGD SIIQ SpA	Control	IGD SIIQ SpA
Registered office	Ravenna	Registered office	Imola - (Bologna) - via G. Amendola 129
Share capital (in EUR)	100,000.00	Share capital (in EUR)	100,000.00
Consolidation method	Line-by-line	Consolidation method	Line-by-line
Operations	Construction of mall for subsequent marketing/rental	Operations	Management pool

Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SpA, and its subsidiaries at 31 December 2008. The financial statements of subsidiaries are prepared each year using the same accounting standards as the parent company. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date in which the control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;

- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the balance sheet and income statement;

- the joint venture (RGD) is carried using the proportionate consolidation method, meaning that all financial statement items are aggregated at 50%, the Group's percent interest in the venture;

- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;

- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;

- the financial statements of companies that use a different functional currency are translated into euros as follows:
  - the assets and liabilities of each balance sheet submitted are translated at the exchange rates in force on the reporting date;
  - the revenues and costs of each income statement are converted at the average exchange rates for the period;
  - all exchange gains and losses arising from this process are shown in the translation reserve under net equity.

Exchange gains and losses arising from the translation of net investments in foreign operations and of loans and other monetary instruments designated as hedges of those investments are recognized directly in equity upon consolidation. When the foreign investment is sold, the accumulated exchange differences are recognized in the income statement as part of the profit or loss from the sale.

Name	**Porta Medicea s.r.l.**
% held	80%*
Control	Immobiliare Larice Srl
Registered office	Livorno - via Gino Graziani 6
Share capital (in EUR)	40,000,000.00
Consolidation method	Line-by-line
Operations	Building firm
Name	**Win Magazin SA**
% held	90%*
Control	Immobiliare Larice Srl
Registered office	Bucharest - Romania
Share capital (in EUR)	31,128.00
Consolidation method	Line-by-line
Operations	Shopping mall management
Name	**Winmarkt Management Srl**
% held	100%
Control	Immobiliare Larice Srl 90%
	IGD SIIQ SpA 10%
Registered office	Bucharest - Romania
Share capital (in EUR)	274,014.00
Consolidation method	Line-by-line
Operations	Agency and facility management services

* Consolidated 100% due to put & call option on minority interest.
** Consolidated 100% due to put option on minority interest.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired.

Goodwill acquired with a business combination, which in the separate financial statements is added to the value of the investment acquired, is initially recorded at cost and represents the excess purchase cost with respect to the acquirer's share of the net fair value of the acquired companies' identifiable assets, identifiable liabilities, and contingent liabilities. Any negative difference (“negative goodwill") is charged to profit or loss at the time of the acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- When goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and unamortized goodwill are recognized to profit and loss.
After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including negotiation expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40.

Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general.

To that end, IGD SpA has hired CB Richard Ellis Professional Services SpA, a specialized property appraiser, to determine the fair value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.

Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal date, assuming:

- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration;

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation methods used for the various kinds of asset are reported below.

For **malls**, the following method was used:
discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For **hypermarkets** and **supermarkets**, the method used was as follows:
discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **freehold portions used as stores**, wholesale zone, fitness area, and offices, the following methods were used:
comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets;
income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The values obtained with the above methods are then appropriately mediated.

The financial statements at 31 December 2008 incorporate the property appraisals as follows:

Commercial centers (hypermarkets and malls), supermarkets, and freehold stores are recognized according to IAS 40, i.e. at fair value; the market value of the properties includes the value of the pertinent plant and machinery.

Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction are valued at cost, as is land on which shopping centers are currently being built. When construction or development of an investment property is completed, it is restated to "investment property" and recognized at fair value; the difference between fair value at the time of restatement and its previous carrying value is charged to profit and loss of the period when the restatement occurs.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Plant, machinery and equipment	%
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Leasing

Goods held under finance leases, in which the Group assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.
The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by the Group.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all purchase, transformation and other costs incurred to bring the inventories to their present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These refer mainly to financial assets held for trading purposes in order to profit from short-term fluctuations in the price or the margin. They are recognized at fair value, without any deduction for the transaction costs that may be incurred on their sale.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds with their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 ("trattamento di fine rapporto" or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

Revenues

Revenues are recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. They are shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenues are posted to the income statement.

Rental income

Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes

Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.
Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

A deferred tax asset shall be recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying value of a deferred tax asset shall be reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent company. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Group's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that Group could be required to pay.

Financial liabilities

A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured; and
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:
Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.
Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.
If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ SpA, which meets the subjective, ownership and statutory requirements, opted for this special status. At 31 December 2008 it had also satisfied the financial and earnings parameters set by law and had thus met the objective requirements.

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity. IGD SIIQ SpA does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation and taxation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ SpA has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenues and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenues and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8 of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenues to total revenues.

As for properties (owned or held on the basis of real property rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenues. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The balance sheet and income statement are broken down below by business segment.

Income Statement	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rent		Services		Undivided		Total	
Revenues	**88,198**	**67,264**	**3,958**	**5,711**	**82**	**84**	**92,238**	**73,060**
Direct costs	21,356	16,230	2,469	3,236	0	0	23,826	19,466
Gross margin	**66,842**	**51,035**	**1,489**	**2,475**	**82**	**84**	**68,413**	**53,594**
Undivided costs					9,488	5,678	9,488	5,678
Ebitda	**66,842**	**51,035**	**1,489**	**2,475**	**-9,406**	**-5,593**	**58,925**	**47,916**
Reval./dep.&amort.	-3,170	30,376	-78	0	-19,104	-12	-22,353	30,363
Ebit	**63,672**	**81,410**	**1,411**	**2,475**	**-28,510**	**-5,605**	**36,572**	**78,279**
Income from equity investments							**92**	**0**
Net financial income (charges)							**-25,936**	**-14,572**
Taxes							**32,609**	**-11,392**
Net profit							**43,337**	**52,315**

Balance Sheet	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rent		Services		Undivided		Total	
Real estate portfolio	1,248,628	948,714	0	0	0	0	1,248,628	948,714
Other non-current assets	0	0	0	0	25,673	47,571	25,673	47,571
Current investments	241,886	168,147	0	0			241,886	168,147
Net working capital	21,051	2,576	229	437	21,477	18,536	42,759	21,549
Other non-current liabilities	-81,719	-102,878	-445	-313			-82,164	-103,191
Total use of funds	**1,429,847**	**1,016,558**	**-216**	**125**	**47,151**	**66,107**	**1,476,782**	**1,082,790**
Net debt	690,684	279,094	-3,930	-3,581	47,151	66,107	733,905	341,620
Equity	739,163	737,464	3,714	3,706			742,877	741,170
Total source of funds	**1,429,847**	**1,016,558**	**-216**	**125**	**47,151**	**66,107**	**1,476,782**	**1,082,790**

Business combinations

Acquisition of Win Magazin S.A.

On 29 April IGD SIIQ SpA, further to a preliminary agreement signed at the end of March, acquired full control of Win Magazin S.A. through the subsidiary Immobiliare Larice Srl for €192.17 million, including accessory costs. The investment was conducted together with Inpartner SpA, which was sold a minority stake of 10% in Win Magazin S.A. In consideration of the put & call agreement between Inpartner and Immobiliare Larice, Win Magazin has been fully consolidated, with a financial liability representing the minority stake to be acquired in the future.

Win Magazin S.A. owns 15 commercial centers and a retail property, all in Romania. The acquisition cost a total of €192,168,576.00 and was paid for with cash and dedicated credit lines. The fair value of investment properties refers to the fair value of Win Magazin's properties at the time of the acquisition. The following table compares the fair value and carrying value (according to IAS/IFRS) of its identifiable assets and liabilities as of the acquisition date.

The income statement of the acquiree, included in the Group's consolidated income statement as from the date of acquisition, closed with a profit of €7,425 thousand. Had the acquisition taken place at the start of 2008, consolidated revenues would have been higher by €6,770 thousand and the consolidated net profit would have been higher by €2,656 thousand.

Win Magazin (in EUR)	Book value	Fair value
Intangible assets	33	33
Property, plant, and equipment	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 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 liabilities		
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		
Current financial liabilities	0	0
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	**188,472,861**	**188,472,861**
Goodwill		**3,695,714**
Acquisition cost		**192,168,576**

Acquisition of Winmarkt Management Srl

On 29 April, IGD acquired Winmarkt Management Srl, a provider of agency and facility management services (10% directly and 90% through the subsidiary Immobiliare Larice Srl). The price of €184,818 was paid using cash and dedicated credit lines. The following table compares the fair value and carrying value (according to IAS/IFRS) of Winmarkt Management Srl's identifiable assets and liabilities as of the acquisition date.

The income statement of the acquiree, included in the Group's consolidated income statement as from the date of acquisition, closed with a profit of €118 thousand. Had the acquisition taken place at the start of 2008, the consolidated net profit would have been lower by €70 thousand.

WInmarkt Management s.r.l. (in EUR)	Book value	Fair value
Non-current assets		
Intangible assets	3,683	3,683
Property, plant, 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 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		**785**
Acquisition cost		**184,818**

Acquisition of Nikefin Asti Srl.

On 19 December 2008, IGD acquired 100% of Nikefin Asti Srl. Costing €8,883,411, Nikefin Asti was paid for in cash, as the company had already taken out a mortgage loan prior to the acquisition. The following table compares the fair value and carrying value (according to IAS/IFRS) of Nikefin Asti's identifiable assets and liabilities at the acquisition date.

The income statement of the acquiree, included in the Group's consolidated income statement as from the date of acquisition, closed with a loss of €3 thousand. Had the acquisition taken place at the start of 2008, the consolidated net profit would have been lower by €13 thousand.

Nikefin Asti s.r.l. (in EUR)	Book value	Fair value
Intangible assets	0	0
Property, plant, and equipment	40,286,135	40,949,051
Other non-current assets	2,860	2,860
Total non-current assets	***40,288,995***	***40,951,911***
Current assets		
Inventories	0	0
Trade receivables	0	0
Other non-current assets	4,747,419	4,747,419
Cash and cash equivalents	1,256	1,256
Total current assets	***4,748,675***	***4,748,675***
Total assets	***45,037,670***	***45,700,586***
Non-current liabilities		
Non-current financial liabilities	29,894,800	29,894,800
Deferred tax liabilities	0	0
Total non-current liabilities	***29,894,800***	***29,894,800***
Current liabilities		
Current financial liabilities	6,890,348	6,890,348
Trade payables	32,027	32,027
Other current liabilities	0	0
Total current liabilities	***6,922,375***	***6,922,375***
Total liabilities	**36,817,175**	**36,817,175**
Net assets	**8,220,495**	**8,883,411**
Goodwill		**0**
Acquisition cost		**8,883,411**

Note 1) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2007	Balance at 01/01/07	Additions	Disposals	Amortization	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Intangible assets with finite useful lives	8	0	0	-1	0	0	0	7
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**8**	**0**	**0**	**-1**	**0**	**0**	**0**	**7**

Intangible assets with finite useful lives 2008	Balance at 01/01/08	Additions	Disposals	Amortization	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Intangible assets with finite useful lives	7	9	0	-78	224	4	-2	164
Intangible assets with finite useful lives under development	0	246	0	0	-224	0	0	22
Total intangible assets with finite useful lives	**7**	**255**	**0**	**-78**	**0**	**4**	**-2**	**186**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.
The addition for the year consists in the purchase of a software for the management of the shopping malls and to the variation in the consolidation area.

Note 2) Goodwill

Goodwill 2007	Balance at 01/01/07	Increases	Decreases	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Goodwill	**21,637**	**5,033**	**0**	**0**	**0**	**0**	**26,670**

Goodwill 2008	Balance at 01/01/08	Increases	Decreases	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Goodwill	**26,670**		**-19,092**	**-523**	**3,697**	**0**	**10,752**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2008.

Breakdown of goodwill by CGU	31/12/2007	31/12/2008
Immobiliare Larice	19,092	-
MV s.r.l.	106	-
Millenium s.r.l.	3,952	3,952
RGD s.r.l.	975	975
Winmagazine S.A.		3,696
Winmarkt management s.r.l.		1
Centro Nova	546	546
Città delle Stelle	65	65
Lungo Savio	417	-
San Donà	448	448
San Ruffillo	63	63
Gescom Service	1,006	1,006
Total	**26,670**	**10,752**

Goodwill for Millenium, RGD, Win Magazin, and Winmarkt Management refers to consolidation differences from business combinations. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisal by CBRE, in accordance with the criteria described above for the Group's investment properties (see Note 3). Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability lies in the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount.

Goodwill for the CGUs Centro Nova, Città delle Stelle, San Donà, San Ruffillo, and Service pertains to the management of malls not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. The amount attributed to each cash generating unit was determined on the basis of value in use. The recoverable amount was calculated by projecting cash flows estimated in the 2009 budget and in revised plans for 2010-2012, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discounting rate (WACC) was 6.92%; the risk premium contained in the cost of equity is 5%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 2% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Most of the change on the previous year is due to:
- the goodwill impairment from the Immobiliare Larice business combination. Goodwill had been recognized on the investment property Centro Sarca to represent the possibility of selling that property (through the equity investment) without incurring taxes; it was measured on the basis of the deferred tax provision covering the higher value of the property with respect to the tax-deductible amount. As a result of Immobiliare Larice's revaluation of Centro Sarca for reporting and tax purposes at 31 December 2008 in accordance with Decree Law 185 of 29 November 2008 (the "economic stimulus decree"), the deferred tax provision on the properties' higher value up to 31 December 2007 was reversed, and the goodwill previously recognized was written off in full;
- the reduction in goodwill for MV Srl due to the subsidiary's absorption by IGD SIIQ SpA, leading to the allocation of the merger deficit to the Mondovicino property and, as a result, the recognition of a negative fair value change of the same amount;

- the increases deriving from the business combinations for Win Magazin S.A. and Winmarkt Management Srl (acquired in 2008), as described above. For these companies as well, goodwill expresses the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability lies in the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount;
- the reduction in goodwill on Centro Commerciale Lungo Savio which, due to the purchase of the center's mall in 2008, has been allocated in full to the relative investment property.

Note 3) Investment property

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

Investment property 2007	Balance at 01/01/07	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Investment property	**801,357**	**24,740**	**0**	**30,663**	**0**	**0**	**91,045**	**0**	**947,805**

Investment property 2008	Balance at 01/01/08	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Investment property	**947,805**	**75,484**	**-13**	**7,948**	**-10,536**	**1,199**	**223,253**	**0**	**1,245,140**

The following shopping malls were acquired in 2008:
- Lungo Savio (Cesena)
- Gran Rondò (Crema)

The increase for change in the scope of consolidation refers to the Romanian commercial centers and the "New Mall" facility acquired through the RGD joint venture.
Minor investments were also made in the commercial centers Afragola, ESP, Borgo, Abruzzo, Lame, Imola, Livorno and Casilino.
The adjustment to fair value at 31 December 2008 entailed impairment that exceeded revaluations.
The independent appraisal by CB Richard Ellis at 31 December 2008 raised the fair value of most of the hypermarkets, but lowered it for certain malls.

The valuation policies used, as certified in the appraisal report, were as follows:
- for malls: discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.
- for hypermarkets and supermarkets: discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

- For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used:
  - comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
  - Income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.
  - The values obtained with the above methods are then appropriately mediated.

For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal report by CB Richard Ellis, attached to the financial statements.

Note 4) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
Movements in plant and machinery in 2007 and 2008 are shown below:

Plant and machinery 2007	Balance at 01/01/07	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Historical cost Plant and machinery	998	100						1,098
Accumulated depreciation Plant and machinery	-652			-118				-770
Net carrying value Plant and machinery	**346**	**100**	**0**	**-118**	**0**	**0**	**0**	**328**

Plant and machinery 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Historical cost Plant and machinery	1,098	990			-43	156	-13	2,188
Accumulated depreciation Plant and machinery	-770			-218	38	-118	10	-1,058
Net carrying value Plant and machinery	**328**	**990**	**0**	**-218**	**-5**	**38**	**-3**	**1,130**

There was a marked increase in plants, due primarily to the expansion and renovation works at Centro Nova. The change in the scope of consolidation refers to machinery acquired through the Romanian companies.
The following tables show movements in equipment in 2007 and 2008:

Equipment 2007	Balance at 01/01/07	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Historical cost Equipment	639	364				16		1,019
Accumulated depreciation Equipment	-488			-74				-562
Net carrying value Equipment	**151**	**364**	**0**	**-74**	**0**	**16**	**0**	**457**

Equipment 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Historical cost Equipment	1,019	143	-44		14	231	-19	1,344
Accumulated depreciation Equipment	-562		37	-127	35	-49	15	-651
Net carrying value Equipment	**457**	**143**	**-7**	**-127**	**49**	**182**	**-4**	**693**

The substantial increase in equipment is explained chiefly by the restyling at Centro Nova. The change in the scope of consolidation refers to equipment acquired through the Romanian companies.
Movements in leasehold improvements in 2007 and 2008:

Leasehold improvements 2007	Balance at 01/01/07	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Net carrying value Leasehold improvements	**229**			**-106**				**123**

Leasehold improvements 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Net carrying value Leasehold improvements	**123**	**1,795**		**-250**	**-4**			**1,664**

There was a marked increase in leasehold improvements due primarily to the expansion and renovation works at Centro Nova.

Note 5) Assets under construction

The increase in assets under construction (see Note 42: commitments and risks) is mainly due to:
- down payments for the purchase of the new shopping mall in Gorizia
- additional advances on preliminary contracts
- the expansion of the commercial centers Centro ESP, Centro d'Abruzzo, and Centro Portogrande and roadworks at the future commercial center in Chioggia;
- the investment in the Centro Multifunzionale di Livorno (retail sector only);
- the change in the scope of consolidation, as a result of:
  _ expansion works at some commercial centers in Romania acquired through the Romanian firms;
  _ the investment in the mall in Asti.

The decrease is essentially due to:
- the designation of Coop Adriatica, a related party, as signatory to the preliminary contract for the land in Conegliano (€32,608 thousand);
- cancellation of the preliminary contract for the purchase of the Spilamberto commercial center, entailing the refund of the €2,875 thousand down payment;
- a decrease in the down payment on the Livorno project upon signature of the final deed of sale;
- a decrease in the down payment on the Beinasco commercial center upon signature of the final deed of sale;
- reclassifications of investment property upon completion of works.

See section 2.1.3.2 (the real estate portfolio) for further details.

Assets under construction 2007	Balance at 01/01/07	Increases	Decreases	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/07
Assets under construction	**145,607**	**53,707**	**-28,166**	**-4,176**	**1,175**	**0**	**168,147**

Assets under construction 2008	Balance at 01/01/08	Increases	Decreases	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Assets under construction	**168,147**	**80,411**	**-46,809**	**-822**	**41,020**	**-61**	**241,886**

Note 6) Deferred tax assets and deferred tax liabilities

Deferred tax assets consist mainly of the tax effect on IAS entries. There are no deferred tax assets on fiscal losses. The above taxes have been classified as "Non-current deferred tax assets".

Deferred tax assets and liabilities	31/12/08	31/12/07	Change
Deferred tax assets	8,102	2,877	5,225
Deferred tax liabilities	-41,377	-90,450	49,073

In detail:

Deferred tax assets	31/12/08	31/12/07	Change
Amortization reversal	124	151	-27
Capital increase	624	832	-208
IPO costs	477	953	-476
Goodwill amortization for tax purposes	13	385	-372
Taxed provisions	167	182	-15
Bonus provision	54	98	-44
IAS 40 2008	547	0	547
Higher land value for tax purposes	545	0	545
IAS 19	1	0	1
Interest rate swaps	2,043	0	2,043
Higher statutory depreciation	0	119	-119
Beinasco leasing	2,787	0	2,787
Elimination of capital gains	526	119	407
Other effects	194	38	156
Total deferred tax assets	**8,102**	**2,877**	**5,225**

Deferred tax assets relate to:

- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (IPO and capital increase expenses) or expensed in full as they can no longer be capitalized
- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property impairment in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land
- fair value recognition of interest rate swaps used for hedging purposes (at 31 December 2008 the fair value of these contracts was negative)
- recognition of a loan relating to a finance lease on the Beinasco investment property
- elimination of intercompany capital gains.

Provision for deferred tax liabilities	31/12/08	31/12/07	Change
Accelerated depreciation for tax purposes	-	2,836	-2,836
Land depreciation for tax purposes	-	4,742	-4,742
Other depreciation and amortization for tax purposes	103	9,529	-9,426
Capital gains in installments	131	212	-81
Tax effect on fair value of properties at 1/1/04	-	35,291	-35,291
Tax effect on fair value of properties at 31/12/04	-	6,124	-6,124
Tax effect on fair value of properties at 31/12/05	-	12,452	-12,452
Tax effect on fair value of properties at 31/12/06	-	42,228	-42,228
Tax effect on reversal of investment property depreciation at 31/12/04	-	5,145	-5,145
Tax effect on reversal of investment property depreciation at 31/12/05	-	5,333	-5,333
Tax effect on amortization reversal	-	128	-128
Tax effect on statutory revaluation per Law 266/2005	-	-63,669	63,669
2007 depreciation and amortization for tax purposes net of rate adjustments	-	5,473	-5,473
Tax effect on fair value of properties	38,692	14,637	24,055
Tax effect on interest rate swaps	-	1,498	-1,498
Tax effect on post-employment benefits per IAS 19	-	11	-11
Tax effect on convertible bond	952	7,423	-6,471
Tax effect on Millenium leasing	1,499	1,057	442
Total deferred tax liabilities	**41,377**	**90,450**	**-49,073**

Provisions for deferred tax liabilities changed significantly due to the reversal of deferred taxes accrued until 31 December 2007 by the parent company which, when it elected SIIQ status, paid a substitute tax on the difference between the fair value and the value for tax purposes of its investment property. See Note 35 for details.
Also, as a result of Immobiliare Larice Srl's revaluation of Centro Sarca in accordance with Decree Law 185 of 29 November 2008 (the "economic stimulus decree", approved with Law 2/2009 of 27 January 2009), the deferred tax provision on the properties' higher value was reversed.

Note 7) Sundry receivables and other non-current assets

Sundry receivables and other non-current assets	31/12/2008	31/12/2007	Change
Equity investments	479	0	479
Down payment for purchase of shares	5,480	17,980	-12,500
Tax credits	5	8	-3
Beneficial interest	629	0	629
Due from others	0	6	-6
Security deposits	41	24	17
Total	**6,634**	**18,018**	**-11,384**

Equity investments include the purchase and subsequent capital increase of Immobiliare Bologna Nord (held 15%). The beneficial interest refers to the real property right on the malls at the San Ruffillo and Città delle Stelle commercial centers.
"Down payments for the purchase of shares" refers mainly to the advances paid for the acquisition of two equity interests, described in Note 42 - Commitments and risks:
- Milano est Srl, designated to build the Peschieria commercial center
- Sagittario Srl, which owns most of Galleria Commerciale di Vigevano.

The decrease in down payments for the purchase of shares is explained by the investments that were acquired in 2008.

Note 8) Non-current financial assets

Non-current financial assets	31/12/2008	31/12/2007	Change
Non-current financial assets	29	5,654	-5,625

This item includes the fair value at 31 December 2008 of hedge derivatives. See Note 40 - Derivatives for further information.

Note 9) Construction in progress

Construction in progress	Balance at 31/12/2008 (a)	Balance at 31/12/2007 (b)	Change (a - b)
Construction in progress	49,970	0	49,970

Construction in progress refers to the land, buildings, and urban works under development at the multifunctional complex in Livorno. This complex will include residential areas, shopping, services, and overnight accommodation. The shopping section has been restated to assets under construction. See section 2.1.2 for further details.

Note 10) Trade and other receivables

Trade and other receivables	31/12/2008	31/12/2007	Change
Trade receivables	12,722	11,999	723
Provision for doubtful accounts	-2,450	-2,491	41
Total trade receivables	**10,272**	**9,508**	**764**

Trade receivables generally mature within one month.
Movements in the provision for doubtful accounts are shown below:

Category	Balance at 31/12/07	Change in scope of consolidation	Currency translation gain/loss	Utilizations	Writedown of delinquent interest	Accruals	Balance at 31/12/08
Provision for doubtful accounts	2,491	133	-17	-791	35	599	2,450
Total provision for doubtful accounts	**2,491**	**133**	**-17**	**-791**	**35**	**599**	**2,450**

Note 11) Related party trade and other receivables

Related party trade and other receivables	31/12/2008	31/12/2007	Change
Parent company	*391*	*83*	*308*
Total due from parent company	**391**	**83**	**308**
Due from other related parties			
RGD Group	18	0	18
Ipercoop Tirreno	21	11	10
Vignale Immobiliare srl	11	13	-2
Unicoop Tirreno Scarl	23	7	16
Librerie Coop SpA	12	9	3
Robintur SpA	1	12	-11
Total due from other related parties	**86**	**52**	**34**
Total other related parties	**477**	**135**	**342**

See Note 38 for comments.

Note 12) Other current assets

Altre attività correnti	31/12/2008	31/12/2007	Change
Tax credits			
VAT credits	28,727	16,960	11,767
IRES credits	1,475	1,020	455
IRAP credits	112	0	112
Due from others			
Monthly advances	0	47	-47
Due from insurers	3	104	-101
Accrued income and prepayments	205	417	-212
Deferred costs	622	827	-205
Other	219	100	119
Total other current assets	**31,363**	**19,475**	**11,888**

Most of the change on the previous year is due to the increase in VAT credits as a result of the change in the scope of consolidation.
Deferred costs refer to new investments to be completed in coming years.
See note 42 for details.

Note 13) Financial receivables and other current financial assets

Financial receivables and other current financial assets	31/12/2008	31/12/2007	Change
Other financial assets	57	0	57
Due from UBS for trend accrual bill	0	40,452	-40,452
Total due from third parties	**57**	**40,452**	**-40,395**
Parent company	123	62	61
Due from other related parties	528	0	528
Total due from related parties	**651**	**62**	**589**

The decrease in financial receivables and other current financial assets relates to a "Trend Accrual Bill" that was settled in early 2008.
The increase in financial receivables from related parties concerns a loan granted at market rates to Iniziative Immobiliari Bologna Nord (held 15%).

Note 14) Cash and cash equivalents

Cash and cash equivalents	31/12/2008	31/12/2007	Change
Cash and cash equivalents at banks, financial institutions and post offices	65,819	123,006	-57,187
Cash on hand	67	68	-1
Total cash and cash equivalents	**65,886**	**123,074**	**-57,188**

Cash and cash equivalents at 31 December 2008 consisted mainly of current account balances and time deposits at banks.

Note 15) Net equity

Movements in this item are detailed in the statement of changes in net equity.
The change in share capital since 31 December 2007 reflects the purchase of treasury shares, charged against share capital at their par value of €10,976,592.
The legal reserve increased due to allocation of €2,022 thousand from the 2007 net profit. Retained earnings increased because €2,994 thousand was carried forward from the 2007 net profit. Dividends of €16,776 thousand were paid during the year.

The "Reserve for first-time adoption of IAS/IFRS" is a contra-entry to those made upon translation of the separate financial statements at 1 January 2004 to comply with IAS/IFRS.

The "Fair value reserve” stems from the fair-value recognition of investment property.

Most of the movements in other reserves were a result of:
- the change in derivatives accounted for using the cash flow hedge method;
- the recognition in a separate reserve of the difference between the purchase value and the par value of treasury shares purchased, for €11,275,891. That amount includes ancillary costs of €110,709;
- the separate recognition of deferred tax liabilities on the bond for the portion corresponding to exempt operations;
- the addition of €598 thousand to the translation reserve for the translation of foreign currency financial statements.

Below are details of the item "Other reserves" at 31 December 2007 and 31 December 2008:

Details of other reserves In thousands euros	Reserve for first-time adoption of IAS/IFRS	Translation reserve	Goodwill reserve	Profits (losses) recognized directly in net equity	Convertible loan reserve	Fair value reserve	Undistributed earnings reserve	Total other reserves
Balance at 31/12/2006	**(1,192)**	**23**	**13,736**	**(2,577)**		**151,491**	**0**	**161,480**
Allocation to undistributed earnings reserve							1,159	1,159
Reclassification of prior-year retained earnings	227			222		276		725
Fair value recognition of investment property						35,808		35,808
Unrealized gains (losses) from fair value adjustment of hedge derivatives, net of tax effects				915			624	1,540
Convertible bond					29,695			29,695
Capital increase				(3,312)				(3,312)
Tax effects				89	(8,315)			(8,226)
Balance at 31/12/2007	**(965)**	**23**	**13,736**	**(4,663)**	**21,380**	**187,575**	**1,784**	**218,870**

Details of other reserves In thousands euros	Reserve for first-time adoption of IAS/IFRS	Translation reserve	Goodwill reserve	Profits (losses) recognized directly in net equity	Convertible bond issue reserve	Fair value reserve	Translation reserve	Undistributed earnings reserve	Total other reserves
Balance at 31/12/2007	**(965)**	**23**	**13,736**	**(4,663)**	**21,380**	**187,575**		**1,784**	**218,870**
Purchase of treasury shares				(11,276)					(11,276)
Translation of foreign currency financial statements							598		598
Allocation to undistributed earnings reserve								12,283	12,283
Fair value recognition of investment property						18,239			18,239
Tax effect					6,229				6,229
Unrealized gains (losses) from fair value adjustment of hedge derivatives				(4,179)				(5,154)	(9,333)
Balance at 31/12/2008	**(965)**	**23**	**13,736**	**(20,118)**	**27,609**	**205,815**	**598**	**8,912**	**235,610**

Note 16) Non-current financial liabilities

This item includes the convertible bond loan and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	Balance at 31/12/2008	Balance at 31/12/2007	Change
Mortgage loans with banks		323,389	274,181	49,208
Banca Pop. di Verona scarl	31/5/2001 - 31/05/2011	4,489	7,293	-2,804
Intesa BCI SpA	31/05/2001 - 31/05/2011	4,728	7,691	-2,963
Unicredit Banca Impresa SpA/Mediocredito	05/04/2001 - 05/04/2011	3,873	6,456	-2,583
Banca Toscana SpA Casilino	31/12/2001 - 31/12/2015	18,351	20,915	-2,564
Banca Toscana SpA Casilino 1	31/12/2001 - 31/12/2013	7,601	9,278	-1,677
Banca Toscana SpA Livorno	31/12/2001 - 31/12/2013	15,440	18,847	-3,407
Banca Toscana SpA Livorno	31/12/2001 - 31/12/2013	13,302	16,237	-2,935
BNL	06/09/2006 - 06/10/2016	22,398	24,236	-1,838
Interbanca SpA	25/09/2006 - 05/10/2021	73,377	48,249	25,128
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	13,077	14,000	-923
Unipol Lungo Savio	31/12/2008 - 31/12/2023	11,570	0	11,570
Antonveneta	30/11/2007 - 30/11/2012	13,727	5,746	7,981
Unipol Merchant	10/04/2007 - 06/04/2027	92,241	95,233	-2,992
Carige	17/12/2008 - 30/03/2024	29,215	0	29,215
Non-current Financial liabilities (IRS on mortgage loans)		**7,092**	**0**	**7,092**
Convertible bond	**28/6/2007 - 28/06/2012**	**205,163**	**198,910**	**6,253**
Due to other sources of finance		**62,397**	**5,005**	**57,392**
Gran Rondo' Srl	31/12/2011	23,000	0	23,000
Options on equity investments		27,304	0	27,304
Hipo Tirol leasing SpA	01/04/2004 - 01/07/2012	3,833	5,005	-1,172
New Mall leasing	01/06/2005 - 01/06/2017	8,260	0	8,260
Total		**598,041**	**478,096**	**119,945**

The change in non-current financial liabilities is a result of:
- a new mortgage loan taken out from Unipol Banca for the purchase of the Lungo Savio mall;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2009 to current financial liabilities.

Mortgage loans are secured by properties and charge interest at the rates shown above.

The heading "due to other sources of finance" covers:
- the sum due by 31 December 2011 to Immobiliare Gran Rondò Srl for the purchase of the Crema commercial center is guaranteed from our share;
- future financial obligations to the minority shareholders of Win Magazin and Portamedicea S.r.l. in connection with options held;
- finance lease liabilities for the New Mall commercial center.

The following information concerns the convertible bond loan:
- On 28 June 2007 the Group issued a convertible bond loan of €230.0000.000, paying coupons at 2.5%.
- In accordance with IAS 32, this has initially been recognized as a financial liability of €200,305,352, corresponding to the value of a comparable liability with no equity component. The effective interest rate used is 5.53%.
- Under the amortized cost method, the ancillary 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, leading to an effective rate of 6.03% (see Note 34).
- The change in 2008 is due to the increase in financial charges.

Non-current financial liabilities include the fair value recognition of derivatives outstanding at 31 December 2008.

Covenants

The covenants on loans outstanding at the close of the year are as follows:

- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2008, the ratio was 0.99.
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, the debt-to-equity ratio exceeds 2.0. At the close of 2008, the ratio was 0.57.
- Article 12 bis of the contract with Unipol Banca SpA and Unipol Merchant Banca per le Imprese SpA signed on 26 March 2007 states that the bank can terminate the contract (or increase the spread) if, from 31 December 2007 through maturity, the debt-to-equity ratio exceeds 2.3. At the close of 2008, the ratio was 0.99.

The table below shows the amount of loans directly allocable to investment property at 31 December 2008 and the average maturity:

Project/asset	Carrying value of asset	Direct financial debt	Form	Average maturity	Significant covenants
Investment property	1,245,140	270,778	Mortgage loans, finance leases and bullet loans	10.76	

Note 17) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

TFR	Balance at 31/12/07	Transfer	Utilization	Accrual	Financial charges - IAS 19	Balance at 31/12/08
TFR	**364**	**0**	**82**	**203**	**16**	**501**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

Recalculation of TFR with IAS 19	2008	2007
Balance at 01/01	**364**	**286**
Current cost of service	92	86
Financial charges	16	12
Actuarial (gains)/losses	100	(2)
(benefits paid)	(71)	(18)
Balance at 31/12	**501**	**364**

The provision qualifies as a defined benefit plan.

The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the group's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic assumptions	Employees
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of resignation	2%
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Specifically, the following assumptions were used:

Financial assumptions	2008
Cost of living increase	3.20%
Discount rate	4.85%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.90%

Note 18) General provisions

General provisions	Balance at 31/12/07	Utilization	Accrual	Balance at 31/12/08
Provision for legal risk (Laterizi dispute)	65			65
Provision for taxation	66	-6		60
Bonus provision	436	-436	437	437
Other general provisions	76			76
Provision for Guidonia indemnities	0		1,915	1,915
Total	**643**	**-442**	**2,352**	**2,553**

Provision for Ex Laterizi dispute
The provision for the Laterizi dispute was made in prior years to cover potential risks stemming from lawsuits filed by customers of Centro Leonardo SpA, which was merged into IGD in 2001. The cases are still pending.

Provision for taxation
This provision was set up to cover risks from tax assessments.

Bonus provision
The bonus provision relates to the variable compensation accrued to employees in 2009 on the basis of the Company's estimated results in 2008. The utilization refers to the payment made in 2008.

Other general provisions
This amount was set aside in previous years to cover potential liabilities from pending lawsuits with suppliers.

Provision for Guidonia indemnities
This covers risks and charges stemming from the delayed opening of the Guidonia commercial center. In May 2005 IGD signed a preliminary contract for the purchase from Euromarketing Srl of a commercial center to be built in the town of Guidonia Montecelio. The original opening date of 6 December 2008 was postponed for a number of technical reasons, including the town's announcement of a state of natural emergency, which caused delays at the construction site. On top of this, there were delays in delivering the paperwork needed to have the property declared fit for use, and leaks inside some stores that prevented them from being outfitted on time.

The decision to postpone the opening until early 2009 was inevitable, and also makes it possible to inaugurate the mall at the same time as the supermarket, which in any case could not have been opened on 6 December 2008.
However, the delayed opening exposed the company to the risk, which then materialized, of being sued by the retail operators to whom the stores in the mall

had been rented. Both IGD SIIQ and the builder have been asked to pay penalties and/or damages in connection with the delay and with the water damage incurred while fitting out stores.

IGD is attempting to settle the dispute to prevent the final contracts from falling through, and above all to maintain good relations with retail operators at other malls. These efforts led immediately to several agreements, allowing a substantial reduction in the initial claims, and in keeping with the top priority which is currently to open the shopping center under the best possible conditions. With the builder, IGD has initiated a formal exchange of correspondence to determine who is responsible and therefore who should bear the cost of the delay, bearing in mind that there were several contributing factors. On the basis of the information available at year-end, IGD has estimated the extent of the damages, and set up a provision as reported above.

Note 19) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/08	31/12/07	Change
Accrued liabilities and deferred income	7,323	110	7,213
Substitute tax for SIIQ status (due beyond one year)	18,479		18,479
Other liabilities	308	87	221
Total	**26,110**	**197**	**25,913**

The increase in liabilities is explained by the substitute tax due as a result of opting for SIIQ status and the decision to pay taxes in installments.
Related party payables are shown below:

Related party sundry payables and other non-current liabilities	31/12/08	31/12/07	Change
Parent company	8,207	8,207	0
Security deposits from Coop Adriatica	8,207	8,207	0
related parties	3,416	3,330	86
Security deposits from Ipercoop Tirreno SpA	3,266	3,180	86
Security deposits from Vignale Immobiliare SpA	150	150	0
Total	**11,623**	**11,537**	**86**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. They accrue interest at going market rates.

Note 20) Current financial liabilities

Current financial liabilities	Duration	Balance at 31/12/08	Balance at 31/12/07	Change
Due to banks				
Banca Pop. Emilia Romagna - Hot money		5,000	0	5,000
Banca Pop. Emilia Romagna - Bologna	non-revolving	13,034	0	13,034
Carisbo - Hot money	04/09/08 - 02/01/09	10,000	0	10,000
BNL - Bologna	22/12/08 - 23/01/09	25,015	0	25,015
Cassa Risparmio PD RO - Hot money	04/09/08 - 05/01/09	10,094	0	10,094
Cassa Risparmio PD RO - Rovigo Finanz.	23/12/08 - 23/06/10	30,032	0	30,032
Unipolbanca - Bologna		22,519	0	22,519
Total		**115,694**	**0**	**115,694**
Mortgage loans with banks				
Banca Pop. di Verona scarl	31/05/01 - 31/05/11	2,916	2,828	88
Intesa BCI SpA	31/05/01 - 31/05/11	2,984	2,868	116
Unicredit Banca Impresa/Mediocredito	05/04/01 - 05/04/11	2,673	2,680	-7
Banca Toscana SpA Casilino 1	31/12/01 - 31/12/15	2,564	2,440	124
Banca Toscana SpA Casilino 2	31/12/01 - 31/12/13	1,677	1,596	81
Banca Toscana SpA Livorno 1	31/12/01 - 31/12/13	3,407	3,242	165
Banca Toscana SpA Livorno 2	31/12/01 - 31/12/13	2,935	2,794	141
BNL - Rimini mortgage loan	25/09/06 - 05/10/21	2,179	2,170	9
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	1,003	305	698
Unipol Lungo Savio	31/12/08 - 31/12/23	400	0	400
Interbanca loan	25/09/06 - 05/10/21	926	253	673
Antonveneta mortgage loan	30/11/07 - 30/11/12	2	3	-1
Unipol Merchant	10/04/07 - 06/04/27	4,303	4,237	66
Carige	17/12/08 - 30/03/24	638	0	638
Total mortgage loans with banks		**28,607**	**25,416**	**3,191**
Due to leasing companies and bondholders				
Hipo Tirol leasing SpA	01/04/04 - 01/07/12	939	939	0
New Mall leasing	01/06/05 - 01/06/17	635	0	635
Convertible bond	28/06/07 - 28/06/12	2,930	2,922	8
Total due to leasing companies and bondholders		**4,504**	**3,861**	**643**
Total current financial liabilities with third parties		**148,805**	**29,277**	**119,528**
Due to affiliate				
COOP for Lungo Savio loan		47	0	47
COOP pooled account		27,975	3,489	24,486
COOP for Larice loan		25,660	0	25,660
Total due to related parties		**53,682**	**3,489**	**50,193**
Total current financial liabilities with related parties		**53,682**	**3,489**	**50,193**

Most of the change in financial liabilities with third parties relates to new hot money loans and to the current portion of new mortgage loans.
This item includes the liability on the bond loan accrued at 31 December 2008 and the current portion of mortgage loans outstanding, including interest accrued.
The change in current financial liabilities with related parties is due to the increase in exposure to the parent company, Coop Adriatica, as a result of a new loan agreement and use of the pooled account. Transactions with the parent company are settled under arm's-length conditions.
See the directors' report for further information.

Note 21) Net debt

Net financial position In thousands euros	31/12/2008	31/12/2007
Cash and cash equivalents	(65,886)	(123,074)
Related party financial receivables		
and other current financial assets	(651)	(62)
Financial receivables and other current financial assets	(57)	(40,452)
Liquidity	**(66,594)**	**(163,588)**
Current financial liabilities	117,268	939
Convertible bond loan - current portion	2,930	2,922
Mortgage loans - current portion	28,607	25,416
Related party current financial liabilities	53,682	3,489
Current debt	**202,487**	**32,766**
Current net debt	**135,893**	**(130,822)**
Non-current financial assets	(29)	(5,654)
Convertible bond loan	205,163	198,910
Non-current financial liabilities		
with other sources of finance	62,397	5,005
Non-current financial liabilities	330,481	274,181
Non-current debt	**598,012**	**472,442**
Net debt	**733,905**	**341,620**

Please see the directors' report for further information on net debt.

Note 22) Trade and other payables

Trade and other payables	31/12/2008	31/12/2007	Change
Suppliers	30,234	3,552	26,682
Total suppliers	**30,234**	**3,552**	**26,682**
of which: financial	*0*	*0*	*0*
Total	**30,234**	**3,552**	**26,682**

Trade payables do not charge interest and are usually settled within the following two months. Most of the change is due to an increase in amounts due to suppliers for work on the Guidonia commercial center and for the balance due on the purchase land and buildings for the Centro Multifunzionale in Livorno.

Note 23) Trade and other payables with related parties

Related party trade and other payables	31/12/2008	31/12/2007	Change
Parent company	628	907	-279
Total parent company	628	907	-279
Other related parties			
Robintur SpA	0	13	-13
Total other related parties	0	13	-13
Total	**628**	**920**	**-292**

See Note 38 for comments.

Note 24) Current tax liabilities

Current tax liabilities	31/12/2008	31/12/2007	Change
IRPEF	388	287	101
Regional/municipal supplement	0	47	-47
IRAP	197	278	-81
IRES	573	283	290
VAT	269	0	269
Environmental consortium	17	15	2
Bologna concession	0	29	-29
Other taxes	330	0	330
Substitute tax reval. Decree 185	1,306	0	1,306
Substitute tax for SIIQ status	6,806	0	6,806
Total current tax liabilities	**9,886**	**939**	**8,947**

This item consists mainly of employee withholding tax, the tax substituting IRES and IRAP (due in June 2009) as a result of opting for SIIQ status, the substitute tax on revaluations made by Larice Srl in accordance with Decree 185 of 29 November 2008 (the "economic stimulus decree" approved with Law 2/2009 of 27 January 2009) on the Sarca investment property, IRES due by companies not included in the group tax election, and the Group's IRAP liability for 2008.

Note 25) Other current liabilities

Other current liabilities	31/12/2008	31/12/2007	Change
Social security	252	188	64
Accruals and deferrals	1,532	54	1,478
Deferred revenues	1,461	0	1,461
Insurance	25	28	-3
Due to employees	476	377	99
Security deposits received	4,477	1,290	3,187
Unclaimed dividends	1	0	1
Advances due within one year	67	0	67
Other liabilities	291	221	70
Total other liabilities	**8,582**	**2,158**	**6,424**

This item refers primarily to security deposits and guarantees for the binding offers for malls that will be opened in 2009.

Note 26) Revenues

Type of revenues	2008 (a)	2007 (a)	Change (a - b)
Freehold hypermarkets	**24,458**	**23,762**	**696**
Rent	***24,458***	***23,762***	***696***
related parties	24,458	23,762	696
third parties	0	0	0
Leasehold hypermarkets	**4,064**	**3,586**	**478**
Rent	***3,960***	***3,484***	***476***
related parties	3,960	3,484	476
third parties	0	0	0
Business lease	***104***	***102***	***2***
related parties	104	102	2
third parties	0	0	0
Freehold supermarkets	**361**	**354**	**7**
Rent	***361***	***354***	***7***
related parties	361	354	7
third parties	0	0	0
Total hypermarkets/supermarkets	**28,883**	**27,702**	**1,181**
Freehold malls	**49,314**	**28,073**	**21,241**
Rent	***22,110***	***7,883***	***14,227***
related parties	265	324	(59)
third parties	21,845	7,559	14,286
Business lease	***27,204***	***20,190***	***7,014***
related parties	193	257	(64)
third parties	27,011	19,933	7,078
Leasehold malls	**7,152**	**9,016**	**(1,864)**
Rent	***538***	***1,042***	***(504)***
related parties	67	0	67
third parties	471	1,042	(571)
Business lease	***6,614***	***7,974***	***(1,360)***
related parties	186	78	108
third parties	6,428	7,896	(1,468)
Other contracts	***799***	***690***	***109***
Other contracts and temporary rent at leasehold malls	799	690	109
Temporary rent at freehold malls	***1,609***	***1,655***	***(46)***
related parties	420	420	0
third parties	1,189	1,235	(46)
Total malls	**58,874**	**39,434**	**19,440**
Grand total	**87,757**	**67,136**	**20,621**
of which related parties	*30,014*	*28,781*	*1,233*
of which third parties	*57,743*	*38,355*	*19,388*

The increases for hypermarkets/supermarkets derive mainly from ISTAT inflation indexing.
The rise in rent and business lease income in freehold malls concerns:

- Millennium Center, which contributed revenues for the entire year (from 28 February in 2007)
- Mondovicino shopping mall and retail park, which contributed revenues for the entire year (from 6 November in 2007)
- the joint venture with the RGD group (from end-March in 2007)
- the addition of the Romanian malls to the scope of consolidation, for €13,356 thousand.

Note 27) Other income

Other income	2008 (a)	2007 (b)	Change (a - b)
Refund of maintenance charges and other refunds	4	2	2
Insurance refunds	2	36	-34
Out-of-period income (charges)	-7	-3	-4
Commercial center management revenues	3,434	2,682	752
Cost charge-backs	7,423	3,912	3,511
Marketing and pilotage revenues	528	2,423	-1,895
Centro Nova revenues	438	0	438
Gains from disposals	0	131	-131
One-off revenues	200	0	200
Increase in assets under construction	76	0	76
Other	431	89	342
Total other income from third parties	**12,529**	**9,272**	**3,257**
Refund of maintenance charges from related parties	14	0	14
Center management revenues from related parties	122	36	86
Cost charge-backs with related parties	893	618	275
Marketing and pilotage revenues from related parties	72	0	72
Gains on disposal from related parties	0	0	0
Administrative services with related parties	60	0	60
Miscellaneous income from related parties	0	2	-2
Total other income from related parties	**1,161**	**656**	**505**
TOTAL	**13,690**	**9,928**	**3,762**

This item consists mainly of marketing and pilotage revenues and income from new facility management contracts. Of the increase, €3,417 thousand is attributable to the change in the scope of consolidation, for the charge-back of costs by the Romanian commercial centers. Most decreases were caused by a reduction in marketing activities.

Note 28) Material and service costs

Material and service costs	2008 (a)	2007 (b)	Change (a - b)
Material and service costs	**25,550**	**18,647**	**6,903**
Rent paid	10,178	9,257	921
Utilities	82	145	-63
Advertisements, listings, advertising & promotions	567	486	81
Service	128	58	70
Center management fees	361	131	230
Center administration fees	364	142	222
Insurance	409	410	-1
Professional fees	591	164	427
Directors' and statutory auditors' fees	383	291	92
External auditing fees	159	106	53
Investor relations, CONSOB, Monte Titoli costs	384	165	219
Recruitment, training, etc.	462	290	172
Travel and accommodation	203	175	28
Failed project costs	387	100	287
Guidonia launch	328	0	328
Centro Nova costs	307	0	307
Mondovicino pilotage costs	0	848	-848
Consulting	1,540	532	1,008
Charge-backs	8,041	4,188	3,853
Maintenance and repairs	302	493	-191
Bank fees and commissions	75	43	32
Other	299	623	-324
Material and service costs with related parties	**3,223**	**3,155**	**68**
Rent paid	2,901	2,830	71
Utilities	0	18	-18
Advertisements, listings, advertising & promotions	1	0	1
Service	215	204	11
Directors' and statutory auditors' fees	103	103	0
Consulting	1	0	1
Other	2	0	2
TOTAL	**28,773**	**21,802**	**6,971**

The principal component of this item is rent paid for properties managed by the IGD's Group.

The largest changes concern consulting and the charge-back of costs. The latter increased mainly because of the change in the scope of consolidation, for the charge-back of costs by the Romanian commercial centers (€3,177 thousand).

Note 29) Cost of labor

The cost of labor is detailed below:

Cost of labor	2008 (a)	2007 (b)	Change (a - b)
Wages and salaries	4,445	2,937	1,508
Social security	1,293	835	458
Severance pay	272	138	134
Other costs	151	125	26
TOTAL	**6,161**	**4,035**	**2,126**

The increase is due to the larger average workforce. Severance pay includes contributions to supplementary funds in the amount of €63 thousand.
The workforce is broken down by category below:

Division of workforce by category	31/12/2008	31/12/2007
Executives	8	5
Middle managers	21	13
White collar	121	55
TOTAL	**150**	**73**

The following table provides details of directors' and statutory auditors' fees for their work at the parent company and its subsidiary. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Term of office	End of term	Emoluments for office held at the reporting company
Board of directors				
Gilberto Coffari	Chairman	01/01/08-31/12/08	2008 FY appr.	25,000
Sergio Costalli	Vice Chairman	01/01/08-31/12/08	2008 FY appr.	25,000
Filippo Maria Carbonari	Chief Executive Officer	01/01/08-31/12/08	2008 FY appr.	25,000
	General Manager	01/01/08-31/12/08		237,694
	Immobiliare Larice Srl	01/01/08-31/12/08	until recall	15,000
	Porta Medicea Srl	18/01/08-31/12/10	2010 FY appr.	1,500
	Millennium Gallery Srl	01/01/08-31/12/08	2009 FY appr.	15,000
	Win Magazin S.A.	29/04/08-31/12/08	29/10/09	
Roberto Zamboni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Fernando Pellegrini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Leonardo Caporioni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Claudio Albertini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Aristide Canosani	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Massimo Franzoni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Riccardo Sabadini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Fabio Carpanelli	Director	01/01/08-31/12/08	2008 FY appr.	15,000
	Chairman Porta Medicea	18/02/08-31/12/10	2010 FY appr.	5,000
Mauro Bini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Francesco Gentili	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Sergio Santi	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Stefano Pozzoli	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Board of statutory auditors				
Romano Conti	Chairman	01/01/08-31/12/08	2008 FY appr.	22,500
Franco Gargani	Standing Auditor	01/01/08-31/12/08	2008 FY appr.	15,000
Roberto Chiusoli	Standing Auditor	01/01/08-31/12/08	2008 FY appr.	15,000
Internal control committee				
Massimo Franzoni	Director (Supervisor)	01/01/08-31/12/08	2008 FY appr.	12,000
Aristide Canosani	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Leonardo Caporioni	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Supervisory board				
Fabio Carpanelli	Director (Chairman)	01/01/08-31/12/08	2008 FY appr.	12,000
Francesco Gentili	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Sergio Santi	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Compensation committee				
Riccardo Sabadini	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Santi	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Francesco Gentili	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Nominations committee				
Mauro Bini	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Stefano Pozzoli	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Claudio Albertini	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Executive committee				
Gilberto Coffari	Chairman	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Costalli	Vice Chairman	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Filippo Maria Carbonari	Chief Executive Officer	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Santi	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Roberto Zamboni	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Lead independent director				
Riccardo sabadini	Director	14/02/07-31/12/08	2008 FY appr.	

Note 30) Other operating costs

Other operating costs	2008 (a)	2007 (b)	Change (a - b)
Taxes	3,121	2,279	842
Contract registration	277	211	66
Capital losses	8	6	2
Out-of-period (income)/charges	62	-19	81
Membership fees	51	45	6
Losses on receivables	198	76	122
Provision for doubtful accounts	599	239	360
Provision for delayed Guidonia opening	1,915	0	1,915
Charges for delayed Guidonia opening	850	0	850
Fuel and tolls	163	123	40
Magazine subscriptions, office supplies, forms	101	95	6
Other	243	256	-13
TOTAL	**7,588**	**3,311**	**4,277**

"Taxes" refer mainly to local property tax (ICI), and the increase is due to the acquisition of new malls.The provision and charges for the delayed Guidonia opening are explained in Note 18.

Note 31) Change in work in progress inventories

Change in work in progress inventories	2008 (a)	2007 (b)	Change (a - b)
Change in work in progress to order	49,717		49,717
Cost of work in progress	-49,717		-49,717
Total	-	-	-

These items refer to costs incurred for construction of the Centro Multifunzionale in Livorno, which will be sold upon completion. Inventories consist of the land, buildings, and urban works under construction at the Livorno complex. This complex will include residential areas, shopping, services, and overnight accommodation. The shopping section has been restated to assets under construction.

Note 32) Change in fair value and impairment

This covers the adjustment to fair value of the investment property discussed in Note 3) and the impairment discussed in Note 2).

Note 33) Capital gains from equity investments

Capital gains from equity investments	2008	2007	Change
Capital gain from the Winmagazin S.A. disposal	92	0	92
Total with third parties	**92**	**0**	**92**

The capital gain derives from the sale of a 10% interest in Winmagazin S.A. to Inpartner SpA.

Note 34) Financial income and charges

Financial income	2008	2007	Change
Bank interest income	3,222	4,948	-1,726
Other interest income	2,386	1	2,385
Income from current securities		1,120	-1,120
Total from third parties	**5,608**	**6,069**	**-461**
Interest income from related parties	154	31	123
Interest income from Coop Adriatica (formerly TCA) account	81	0	81
Total from related parties	**235**	**31**	**204**
Total financial income	**5,843**	**6,100**	**-257**

Interest income from banks decreased due to the use of cash to finance the Group's development. Other interest income consists mainly of exchange gains on financial income from Romania. Interest income from related parties is described in Note 13.

Financial expenses	2008	2007	Change
Interest expense on security deposits	332	277	55
Interest expense on Coop Adriatica (formerly TCA) account	964	174	790
Total with related parties	**1,296**	**451**	**845**
Interest expense to banks	2,043	2,128	-85
Other interest and charges	1,083	36	1,047
Mortgage loan interest	17,139	12,989	4,150
Financial leasing charges	673	219	454
Bond interest and charges	12,010	6,001	6,009
IRS spreads	-2,465	-1,152	-1,313
Total with third parties	**30,483**	**20,221**	**10,262**
Total financial charges	**31,779**	**20,672**	**11,107**

The increase in financial charges is explained by the growth of net debt in support of the Group's development.
The rise in interest rates was another contributing factor, although it was mitigated by the fact that almost all non-current debt is hedged by interest rate swaps.
Net spreads on hedge derivatives have been classified here to reflect the substance of the hedging transaction, which is to stabilize the financial charge at a fixed rate.
Bond interest and charges, at €12,010 thousand, are made up as follows:

- interest to bondholders (2.5%)= €5,758 thousand
- higher financial charges due to rise in effective interest rate from 2.5% to 5.53%= €5,475 thousand
- higher financial charges due to use of amortized cost method= €777 thousand (rate increase of 0.5%).

Note 35) Income taxes

Since IGD has opted for SIIQ status effective 1 January 2008, it excludes income from rental activities and the equivalent ("exempt operations") for the purposes of IRES (corporate income tax) and IRAP (regional business tax).
The share of profit generated by exempt operations is taxed directly to the shareholders upon distribution, in the form of a tax advance withheld from parties with business income and in the form of a straight tax withheld from other parties.
Each year, SIIQs are required to distribute to the shareholders at least 85% of the net profit from exempt operations.
For the purposes of SIIQ status, the fair value of properties, real property rights on properties used to earn rental income, and land owned by IGD SIIQ SpA at the close of the previous period were assessed at their fair value. The latent net capital gains were taxed at 20% to substitute for IRES and IRAP, thus satisfying the "entry tax."
On 16 April 2008, through notification to the Revenue Office according to the protocol established by the authorities on 28 November 2007, IGD officially opted for the SIIQ status introduced and governed by Law 296 of 27 December 2006.
The entry tax of €30,797 thousand corresponds to 20% of the difference at 31 December 2007 between the fair value of investment property and the value for tax purposes. The tax was fully expensed in 2008, but is being paid in five annual installments.

Income taxes	2008 (a)	2007 (b)	Change (a - b)
Current taxes	2,384	4,886	-2,502
Deferred tax liabilities/assets	-67,107	6,506	-73,613
Substitute tax on revaluation of Centro Sarca	1,306	0	1,306
SIIQ entry tax	30,797	0	30,797
Out-of-period income/charges	11	0	11
TOTAL	**-32,609**	**11,392**	**-44,001**

Current taxes amount to €2,384 thousand: €649 thousand for IRAP and €1,735 thousand for IRES.
Deferred tax assets came to a positive €15 thousand and deferred tax liabilities to a positive €67,092 thousand.
The change was largely caused by the reversal of deferred tax liabilities provided against the higher value of properties up to 31 December 2007 (the investment property of the parent company for €47,437 thousand and Centro Sarca for €20,455 thousand), which were revalued in 2008 in accordance with Decree 185.
The SIIQ entry tax and the IRES/IRAP substitute tax due to the revaluation of Centro Sarca amounted to €30,797 thousand and €1,306 thousand, respectively.

Note 36) Earnings per share

Earnings per share Amounts in millions of euros	31/12/2008	31/12/2007
Net profit attributable to parent company shareholders	43	52
Diluted net profit attributable to parent company shareholders	53	56
Weighted average number of ordinary shares for purposes of basic earnings per share	300	300
Weighted average number of ordinary shares for purposes of diluted earnings per share	347	324
Basic earnings per share	**0,143**	**0,174**
Diluted earnings per share	**0,153**	**0,174**

Note 37) Dividends paid and proposed

IGD will propose a dividend on the basis of the separate financial statements of the parent company for the year ended 31 December 2008, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 23 April 2008 (the Shareholders' Meeting that approved the 2007 financial statements), a dividend of €0.056 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €16,776,021.

Note 38) Information on related parties

Below is the information required by paragraph 17 of IAS 24.

Information on related parties	Receivables and other current assets	Payables and other liabilities	Revenues - other income - financial income	Costs and financial charges	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica scarl	544	62.517	23,954	4,384	18,049	-32,538
Robintur spa	1	-	230	8	-	-
Librerie Coop spa	12	-	378	-	-	-
Unicoop Tirreno scarl	23	-	4,159	63	-	-
Vignale Immobiliare spa	11	150	84	0	-	-
Vignale Comunicazione srl	-	-	420	-	-	-
Ipercoop Tirreno spa	21	3,266	2,008	86	-	-
IBI Bologna	528	-	2	-	-	-
RGD	18	-	214	-	-27	0
Total	**1,158**	**65,933**	**31,449**	**4,541**	**18,022**	**-32,538**
Total reported	**158,683**	**932,022**	**107,382**	**74,301**	**1,516,216**	**1,516,216**
Ratio	**0.73%**	**7.07%**	**29.29%**	**6.11%**	**1.19%**	**-2.15%**

IGD has financial and economic relationships with its Parent Company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur SpA and Librerie Coop SpA), and with companies in the Unicoop Tirreno Group (Vignale Immobiliare, Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno). Related party transactions are conducted under arm's-length conditions and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:

- assets and income for the leasing of properties used as hypermarkets;
- liabilities and costs for the use of buildings as malls under leases held by Coop Adriatica;
- liabilities and costs for Coop Adriatica's supply of services in the following areas: equity, payroll and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- financial collection and payment transactions in the context of treasury services.

Transactions with Robintur SpA concern the leasing of store space at malls and the supply of services.

Transactions with Vignale Immobiliare refer to security deposits received on leases.

Transactions with Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Librerie Coop SpA concern receivables and income for the leasing of properties inside commercial centers.

Note 39) Management of financial risk

The IGD's Group financial instruments other than derivatives include bank loans and sight/short-term deposits. Such instruments are used to finance IGD's Group operations. The IGD Group has other financial instruments as well, such as trade payables and receivables, which derive from its operating activities. It has also engaged in interest rate derivatives. The purpose of these is to manage the interest rate risk generated by the IGD's Group transactions and sources of financing. The main risks produced by IGD's Group financial instruments are interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies to manage these risks, as summarized below. The Group also monitors the market price risk generated by financial instruments. The accounting standards for hedge derivatives are mentioned in the following note.

Interest rate risk

IGD's Group exposure to market risk due to changes in interest rates concern its long-term loans with banks, whose conditions and maturities are reported in Note 16. To manage this risk efficiently, the Group purchases interest rate swaps with which it agrees to exchange, at specific intervals, the difference between fixed-rate interest and floating-rate interest calculated on a predefined notional principal amount. The swaps are designed to hedge the underlying obligations.

Foreign exchange risk

IGD Group uses the euro as its accounting currency for all purchases and sales.

Price risk

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

Credit risk

The IGD Group only deals with well-known, reliable customers and about 34% of its core revenues are earned from related parties.

Capital management

The primary objective of IGD's Group capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value.
The IGD Group manages the capital structure and adapts it to changing economic conditions. To maintain or adapt the capital structure, it can adjust the level of dividends paid, reimburse share capital, or issue new shares.
No changes were made to objectives, policies or procedures in 2007 and 2008. IGD Group monitors its financial solidity by means of the debt-to-equity ratio, which compares net debt to total equity plus net debt. In net debt it includes interest-bearing loans and trade and other payables, net of cash and cash equivalents. Equity includes the capital attributable to the shareholders of the parent company, less retained earnings.

Capital management	31/12/08	31/12/07
Interest bearing loans	800,528	510,862
Trade and other payables	39,444	6,630
Cash and cash equivalents	-66,594	-163,588
Net debt	773,378	353,904
Net equity	742,816	741,013
Undistributed net profit	-10,440	-16,776
Total capital	732,376	724,237
Capital and net debt	**1,505,754**	**1,078,141**
Debt/equity ratio	51.36%	32.83%

Note 40) Derivative instruments

The Group has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads.
The contracts are detailed below:

Details of contracts	UBM 4°	UBM 5°	UBM 6°	Monte Paschi Finance 1	Monte Paschi Finance 2	Monte Paschi Finance 3	Monte Paschi Finance 4	BNP Paribas
Nominal amount	6,455,711	7,691,087	7,208,507	35,083,743	20,914,788	9,278,372	24,307,692	95,500,000
Date initiated	05/10/04	31/05/05	31/05/05	31/12/04	31/12/04	31/12/04	06/10/06	06/10/07
Maturity	05/04/11	31/05/11	31/05/11	31/12/13	31/12/15	31/12/13	06/10/16	06/10/17
IRS frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Quarterly	Quarterly
Bank rate	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.35%	3.10%	3.10%	3.20%	3.39%	3.23%	3.84%	4.38%

Note 41) Subsequent events

At the date of approval, no events following the balance sheet date had occurred that would require the group to adjust the figures in the financial statements or report elements not previously disclosed.

Note 42) Commitments and risks

At 31 December 2008 the Group had the following purchase and sale commitments:

- preliminary agreement for the acquisition from an unrelated party of a commercial center in Guidonia (53,000 square meters GLA), total price €106.0 million, of which €23 million provided as a down payment;
- preliminary agreement for the acquisition from an unrelated party of a mall (14,919 square meters GLA) in the Gravina quarter of Catania; price €55 million, largely paid in the form of down payments and advances as the center is nearing completion;
- preliminary agreement for the acquisition from an unrelated party of a mall (14,000 square meters GLA) in Palermo; price €46.9 million, of which €13.8 million already provided as down payment and advances;
- preliminary agreement for the purchase of a mall in Peschiera Borromeo (province of Milan). The investment comes to €80 million. The company that builds the shopping center, once the start-up phase is over, will be owned 15% by IGD so it can participate in and coordinate the development phase. A down payment of €1.5 million was made when the agreement was signed;
- preliminary agreement for the purchase of a mall in Vigevano. The provisional price is €43.7 million, of which €15 million provided as a down payment;
- agreement for a joint venture with Gam (a member of the Despar Italia Group), an unrelated party that develops and manages commercial centers in southern Italy. The new company will own a commercial center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of

12,632 square meters. The agreement gives IGD the option, once the start-up phase is over and by the end of 2009, to acquire a 50% interest in the company that owns Centro Commerciale di Vibo (with an estimated value of €70 million). This can take place through the subscription of a private capital increase of up to €70 million, should new development opportunities arise in the area of interest, or through the outright purchase of a stake;
- a preliminary agreement signed at the end of May for the acquisition of a mall in Gorizia; €7.35 million has been provided as a down payment. This project involves the construction of a hypermarket with attached mall of around 14,300 square meters GLA. IGD's investment is limited to the mall, for a price of €49 million. The center is scheduled to open during the first half of 2011;
- preliminary agreement for the purchase from a related party (Porta Medicea Srl) of the retail section of the Centro Multifunzionale in Livorno, for approximately €77 million;
- 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 different contracts, including:
  a. the purchase of a commercial center of 16,368 square meters GLA plus mall and parking lot, for €56 million (subject to adjustment), with a six-year lease and plans for future expansion;
  b. a preliminary contract for the purchase of a building under construction adjacent to the above with an area of 10,500 square meters, for additional GLA of approximately 3,960 square meters, against consideration of about €19.9 million subject to adjustment;
  c. a preliminary company acquisition contract for the entire complex to be created along with the property under construction, at a provisional price of €1 million, subject to adjustment depending on the revenues the company is earning at the time of the definitive transfer of ownership;
  d. a statement defining the contractual links among the various agreements and setting the definitive criteria for determination of the final price of the company and the building under construction and for any price adjustment of the property sold. The seller will have an option to withdraw from the preliminary contracts should the total price of the transaction be less than €70.7 million, provided the seller buys back the property indicated in letter a;
- a preliminary contract for the purchase of an additional portion of the Beinasco mall, against payment of 5.8% of rent received;
- a preliminary agreement signed at the end of July for the purchase of IGD SIIQ SpA's new headquarters; €2.9 million has been provided as a down payment, backed by a surety. The total amount of the investment is €7.35 million;
- preliminary contract for the purchase of another commercial center in Carpati Sinaia (Romania); the contract will be finalized within 30 months, after the seller has renovated and remarketed the property. The price has been set at €16.24 million, provided that a rent target of at least €1.35 million is reached. At present, that condition is unlikely to be met, and the preliminary contract will probably be canceled.

The advances and down payments made by the Group are backed by sureties.

Note 43) Tax litigation

In 2008 the Emilia Romagna branch of the Revenue Office initiated a general audit of IGD SIIQ SpA for tax year 2005. The audit concerned compliance with tax laws for the purposes of direct taxes, VAT and other taxes.
The audit report concluding the process was provided on 11 September 2008 without significant findings, except for a recommendation to pay registration tax on four unregistered preliminary contracts subject to VAT, for approximately €170 thousand including penalties and interest, and to revalue closing inventories for about €645 thousand.
From an analysis of the grounds stated in the report, it appears that the tax

authorities' claims could be contested at the administrative or litigative level.
As far as the registration tax is concerned, the company paid the amount required and immediately filed for a refund, on the reasoning that the definitive contracts were subject to VAT, so taxation of the down payment at the proportional rate of 0.50%, as required by the tax authorities, violates the principle that either VAT or registration tax is due, pursuant to Art. 40 of Presidential Decree 131/86. Thus, the registration tax constitutes double taxation and should not have been paid.
As for the valuation of inventories, the company is filing a response stating that the finding stems from an incorrect interpretation of the type of contract (sale of a future asset, rather than a commissioned job), whose proper classification subjects it to a different set of tax rules.
A contract for the sale of a future asset is subject to Art. 92 of the Tax Code ("change in inventories"), which is the rule IGD followed, and not to Art. 93 ("works, supplies and services of more than one year's duration"), which applies to commissioned jobs.

Note 44) IFRS 7 - "Financial instruments: disclosures"

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:
- Financial assets measured at fair value through profit and loss: at 31 December 2008 the Group had no financial instruments in this category.
- Held to maturity investments: the Group has no financial instruments belonging to this category;
- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment);
- Available-for-sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:
- Financial liabilities measured at fair value charged to the income statement;
- Financial liabilities measured at amortized cost.

Balance sheet items

The Group's financial instruments are included in the balance sheet as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.

The balance sheet items are classified below according to the categories required by IAS 39 at 31 December 2008 and 31 December 2007:

Classification 31/12/2008	Book value										
	Financial assets/liabilities at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non current	Fair value
ASSETS											
Misc receivables and other assets											
- equity investments			479					479		479	479
- down payments for purchase of quotas			5,480					5,480		5,480	5,480
- due from others			20					20		20	20
- security deposits			41					41		41	41
- real property rights			629					629		629	629
Financial assets							**9**	**9**		**9**	**9**
Trade and other receivables											
- trade receivables			10,272					10,272	10,272		10,272
- due fr others											0
- other receivables											0
- supplier advances											0
Trade and other receivables fr related parties											**0**
- fr parent company			391					391	391		391
- fr related parties			86					86	86		86
Other assets											**0**
- monthly advances			0					0	0		0
- insurance credits			3					3	3		3
- accrued income and prepaid expenses			205					205	205		205
- suspended costs			622					622	622		622
- other			219					219	219		219
Financial receivables and other financial assets											**0**
- other financial assets			57					57	57		57
- fr parent company			123					123	123		123
- fr related parties			528					528	528		528
Cash and cash equivalents											**0**
- bank and post office accounts			65,819					65,819	65,819		65,819
- cash			67					67	67		67
Total financial assets	**-**	**-**	**85,041**	**-**	**-**	**-**	**9**	**85,050**	**78,392**	**6,658**	**85,050**
LIABILITIES											
Financial liabilities											
- IRS							7,092	7,092		7,092	7,092
- bank payables						115,694		115,694	115,694		115,694
- leasing						13,667		13,667	1,574	12,093	12,624
- convertible bond						208,093		208,093	2,930	205,163	191,589
- amounts owed other sources of finance						23,000		23,000		23,000	23,073
- valuation equity investments						27,304		27,304		27,304	27,304
- amts owed banks for mortgage loans						351,996		351,996	28,607	323,389	351,815
Financial liabilities w related parties											
- amts owed associate (TCA)						53,682		53,682	53,682		53,682
Misc payables and other liabilities											
- accruals and deferrals						7,323		7,323		7,323	7,323
- deposits											
- other liabilities						308		308		308	308
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207		8,207		8,207	8,207
- amts owed related parties						3,416		3,416		3,416	3,416
Trade and other payables						**30,234**		**30,234**	**30,234**		**30,234**
Trade and other payables w related parties											
- amts owed parent company						628		628	628		628
- amts owed related parties								0			0
Other liabilities											
- accruals and deferrals						1,532		1,532	1,532		1,532
- suspended revenues						1,461		1,461	1,461		1,461
- insurance						25		25	25		25
- security deposits						4,477		4,477	4,477		4,477
- amts owed shareholders for dividends						1		1	1		1
- amts owed directors						12		12	12		12
- down payments due						67		67	67		67
- other liabilities						280		280	280		280
Other liabilities w. related parties											
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**851,407**	**7,092**	**858,499**	**241,204**	**617,295**	**840,845**

Classification 31/12/2007	Book value										
	Financial assets/liabilities at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non current	Fair value
ASSETS											
Misc receivables and other assets								**0**			
- down payments for purchase of quotas			17,980					17,980		17,980	17,980
- due from others			6					6		6	6
- security deposits			24					24		24	24
Financial assets							**5,654**	**5,654**		**5,654**	**5,654**
Trade and other receivables											
- trade receivables			9,508					9,508	9,508		9,508
- due fr others											
- other receivables											
- supplier advances											
Trade and other receivables fr related parties											
- fr parent company			83					83	83		83
- fr related parties			52					52	52		52
Other assets											
- monthly advances			47					47	47		47
- insurance credits			104					104	104		104
- accrued income and prepaid expenses			417					417	417		417
- down payments											
- other			927					927	927		927
Financial receivables and other financial assets											
- UBS securities Trend Accrual Bill			40,452					40,452	40,452		40,452
- fr related parties			62					62	62		62
- accrued income on financial assets											
Cash and cash equivalents											
- bank and post office accounts			123,006					123,006	123,006		123,006
- cash			68					68	68		68
Total financial assets			**192,736**				**5,654**	**198,390**	**174,726**	**23,664**	**198,390**
LIABILITIES											
Financial liabilities											
- IRS											
- bank payables											
- Hypo Tirol Leasing						5,944		5,944	939	5,005	5,580
- convertible bond						201,833		201,833	2,922	198,910	180,126
- amts owed banks for mortgage loans						299,596		299,596	25,416	274,181	285,211
Financial liabilities w related parties											**0**
- amts owed associate (TCA)						3,489		3,489	3,489		3,489
Misc payables and other liabilities											
- accruals and deferrals						110		110		110	110
- deposits											
- other liabilities						86		86		86	86
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207		8,207		8,207	8,207
- amts owed related parties						3,330		3,330		3,330	3,330
Trade and other payables						**3,552**		**3,552**	**3,552**		**3,552**
Trade and other payables w related parties											**0**
- amts owed parent company						907		907	907		907
- amts owed related parties						13		13	13		13
Other liabilities									**0**		**0**
- accruals and deferrals						54		54	54		54
- insurance						28		28	28		28
- security deposits						1,290		1,290	1,290		1,290
- other liabilities						221		221	221		221
Other liabilities w related parties											
Total financial liabilities	-	-	-	-	-	**528,661**	-	**528,661**	**38,831**	**489,829**	**485,226**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.
To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
The methods of determining the fair value of financial instruments, for accounting or disclosure purposes, are summarized below for the main categories of instrument:

- Derivatives: pricing models based on market interest rates and, if applicable, exchange rates;
- Receivables and payables and unlisted financial assets: discounted cash flow method for financial instruments maturing beyond one year;
- Listed financial instruments: market value at the reporting date.

The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2008 a credit spread of 1.50% was applied. At 31 December 2007 the credit spread used was 1%.

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral pledged	Book value 31/12/08	Book value 31/12/07	Amount guaranteed	Expiration	Conterparty
Security depostis					
- Misc receivables and other assets	41	24			
- Other current assets	57	0			

The following table shows the impairment of trade receivables:

Impairmen	Impairment of trade receivables	
	31/12/08	31/12/07
Opening balance	**2,491**	**2,293**
Impairment		
- individual impairment	634	239
Utilization in the year	-791	-41
Writebacks		
Other movements	116	
Total	**2,450**	**2,491**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged and credited to equity came to €915 thousand in 2007 and to a negative €4,179 thousand in 2008.

Gains/(losses) from financial instruments

Income statement 31/12/08	Book value						
	Financial assets/liabilities valued at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							2,465
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			634				
- Other assets							
Total			**634**				**2,465**

Income statement 31/12/07	Book value						
	Financial assets/liabilities valued at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							1,152
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables		1,121					
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			239				
- Other assets							
Total		**1,121**	**239**				**1,152**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	31/12/08	31/12/07
Interest income fr financial assets not measured at fair value		
- Deposits	5,608	4,948
- Misc receivables and other assets		1
- Amts due fr associates	154	31
- Amts due fr subsidiaries	81	-

Interest payable	31/12/08	31/12/07
Interest payable on financial assets not measured at fair value		
- Security deposits	332	277
- Deposits	2,043	2,128
- Trade and other payables		-
- Other amts owed and liabilities	1,083	36
- Amts owed associates (TCA)	964	174
- Amts owed subsidiaries		-
- Financial liabilities		-
- Mortgage loans	17,139	12,989
- Leasing	673	219
- Convertible bond	12,010	6,001

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although on the balance sheet they are included under "financial assets."

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	31/12/08	31/12/07
Receivables and loans		
Misc receivables and other assets	5,541	18,010
Financial assets		-
Trade and other receivables	10,272	9,508
Trade and other receivables fr related parties	477	135
Other assets	1,049	1,495
Cash and cash equivalents	65,819	123,006
Financial receivables and other financial assets	123	62
Amts owed fr third parties (securities)	57	-
Hedging instruments	**9**	**5,654**
Guarantees		
Total	**83,347**	**157,869**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested. The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a positive fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2008	On sight	< 3 months	3-6 months	6 months-1 year	1-2 years	2 - 5 years	> 5 years	Total
Liabilities								
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	3,528	637	15,137	18,716	72,573	112,114	265,779	488,483
Leasing	266	455	721	1,442	2,884	8,692	12,286	26,746
Convertible Bond	0	0	5,830	0	5,830	241,660	0	253,319
Amts owed other sources of finance	0	209	214	340	757	23,939	0	25,459
S/T credit lines	0	0	108	1,720	434	0	0	2,262
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**3,795**	**1,300**	**22,010**	**22,217**	**82,477**	**386,405**	**278,064**	**796,269**
Derivative financial instruments								
Interest rate swaps								
- sources of cash flow	1,632	0	2,328	3,025	3,708	14,161	14,383	39,237
- uses of cash flow	-1,308	0	-2,681	-3,820	-6,978	-16,442	-15,076	-46,306
Total	**324**	**0**	**-354**	**-795**	**-3,270**	**-2,282**	**-693**	**-7,070**
Exposure at 31/12/ 2008	*4,118*	*1,300*	*21,656*	*21,422*	*79,207*	*384,124*	*277,371*	*789,199*

Maturity analysis at 31/12/2007	On sight	< 3 months	3-6 months	6 months-1 year	1-2 years	2 - 5 years	> 5 years	Total
Liabilities								
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	3,807	0	15,329	18,324	36,478	108,489	243,650	426,078
Leasing	266	0	266	533	1,065	4,302	0	6,432
Convertible bond	0	0	5,830	0	5,830	247,490	0	259,149
S/T credit lines	0	0	0	0	0	0	0	
Other liabilities	0	0	0	0	0	0	0	
Amts owed related parties	0	0	0	0	0	0	0	
Pledges								
Commitments and risks								
Total	**4,074**	**-**	**21,426**	**18,857**	**43,374**	**360,280**	**243,650**	**691,659**
Derivative financial instruments								
Interest rate swaps								
- sources of cash flow	1,503	0	3,969	5,149	8,523	20,845	20,066	60,054
- uses of cash flow	-1,345	0	-3,052	-4,210	-7,810	-18,787	-18,158	-53,362
Total	**157**	**0**	**917**	**939**	**713**	**2,058**	**1,908**	**6,692**
Exposure at 31/12/ 2007	*4,231*	*-*	*22,343*	*19,796*	*44,086*	*362,338*	*245,557*	*698,351*

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.
Floating-rate instruments expose the Group to interest rate risks on cash flows, while fixed-rate instruments expose the Group to interest rate risk on fair value.
The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - exposure and sensitivity analysis	Reference benchmark	Income statement				Coverage reserve			
		Shock up		Shock down		Shock up		Shock down	
		31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
Interest bearing assets		944	691	-944	-691				
Hot money		-408	0	408	0				
Floating rate financial liabilities in cash flow hedge	Euribor	-2,942	-2,296	2,942	2,296				
Floating rate financial liabilities not in cash cash flow hedge	Euribor	-750	-697	750	697				
Hedging instruments (cash flow hedge)	Euribor	2,064	2,295	-2,064	-2,295	7,804	9,796	-8,129	-10,573
Totale		**-1,091**	**-7**	**1,091**	**7**	**7,804**	**9,796**	**-8,129**	**-10,573**

The assumptions underlying the sensitivity analysis are as follows:
- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial parallel shift in the interest rate curve was assumed to be ±100 basis points;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant;
- for the sake of comparison, the same measurement was conducted on 2008 and 2007.

The method used to analyze and determine significant variables did not change since the previous year.

2.5 | Management and coordination

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.
Pursuant to paragraph 4 of Article 2497 bis of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

Key figures from Coop Adriatica's financial statements	FY 2007	FY 2006
Balance sheet (ex art. 2424 Italian Civil Code)		
Assets		
A) – shareholders' share capital account		0
B) – fixed assets	966,199,236	820,057,007
C) – working capital	1,878,700,339	2,024,698,970
D) – accrued income and prepaid expenses	4,053,366	9,451,054
Total assets	**2,848,952,940**	**2,854,207,031**
Liabilities		
A) – net equity	676,169,288	665,487,686
B) – provisions for risks and charges	35,333,996	29,226,138
C) – employee severance reserve	77,933,303	78,736,469
D) – payables	2,051,313,429	2,072,806,815
E) – accrued liabilities and deferred income	8,202,924	7,949,923
Total liabilities and net equity	**2,848,952,940**	**2,854,207,031**
Memorandum accounts	***496,975,415***	***366,262,373***
Income statement (ex art. 2424 Italian Civil Code)		
A) - value of production	1,789,212,834	1,717,909,258
B) – production costs	-1,784,384,530	-1,701,414,042
C) – financial income and charges	40,318,249	41,884,539
D) writedowsn of financial assets	-14,528,798	-2,235,798
E) extraordinary income and charges	206,749	4,764,464
Income tax for the year	-14,486,449	-15,515,221
Profit/(loss) for the year	**16,338,055**	**45,393,199**

2.6 Information pursuant to Art. 149-*duodecies* of Consob's Regulations for Issuers

In compliance with Art. 149-*duodecies* of the Consob's Regulations for Issuers, the fees paid to the external auditors for financial audit and services other than financial audit rendered by the firm and other group firms in 2008 are shown below.

Amounts in thousands of euros	Provider	Recipient	Fess paid in FY 2008
Financial audit	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	99
	Reconta Ernst & Young S.p.A.	Subsidiary	31
	BDO	Subsidiary in Romania	29
TOTAL			**159**

2.7 | Certification of the Consolidated Financial Statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION N. 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Filippo-Maria Carbonari – Chief Executive Officer – and Grazia Margherita Piolanti – Financial Reporting Officer for IGD SIIQ S.p.A. - attest, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Decree 58 dated 24 February 1998 that the accounting and administrative processes for preparing the consolidated financial statements during 2008:

- are adequate in relation to the enterprise's characteristics and
- have been effectively applied.

2. It is also certified that

2.1. the consolidated financial statements at 31 December 2008:

a) have been prepared in accordance with the international financial reporting and accounting standards issued by the International Accounting Standards Board adopted by the European Union and, based on our knowledge, are able to provide a true and fair view of the issuer's balance sheet, results of operations and financial position and of all the companies included in the consolidation;
b) correspond to the underlying accounting records and books of account;
c) provide a true and fair view of the issuer's balance sheet, results of operations and financial position and of the group of companies included in the consolidation

2.2. The directors' report on operations contains an accurate analysis of the performance and operating results as well as the issuer's standing, along with a description of the principal risks and uncertainties to which the company is exposed.

12 March 2008

Chief Executive Officer	**Financial Reporting Officer**
Filippo-Maria Carbonari	*Grazia Margherita Piolanti*

2.8 | Independent Auditors' report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

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Fax (+39) 051 236666
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Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries, (the "IGD SIIQ S.p.A. Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 4, 2008.

3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the IGD SIIQ S.p.A. Group for the year then ended.

4. As required by the law, the Company included in the explanatory notes of the consolidated financial statements certain selected financial data derived from the financial statements of the Company that exercises control and coordination activities. Our opinion on the consolidated financial statements of IGD SIIQ S.p.A. Group as of December 31, 2008, does not cover such selected data.

5. The management of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC)

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

ERNST & YOUNG

and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the IGD SIIQ S.p.A. Group as of December 31, 2008.

Bologna, March 30, 2009

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

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3

Separate financial statements
at 31.12.2008

3.1 | Separate Financial Statements

3.1.1 Balance Sheet

Balance sheet Amounts in units of euros	Note	31/12/2008 (A)	31/12/2007 (B)	Change (A-B)
Non current assets:				
Intangible assets				
- Intangible assets with a finite useful life	1	27,287	6,573	20,714
- Goodwill	2	127,464	2,544,184	(2,416,720)
		154,751	2,550,757	(2,396,006)
Plant, property and equipment				
- Real estate investments	3	841,780,000	699,790,000	141,990,000
- Plants and machinery	4	71,893	319,991	(248,098)
- Equipment and other goods	4	296,404	185,380	111,024
- Leasehold improvements	4	85,043	123,236	(38,193)
- Assets under construction	4a	148,956,590	108,626,352	40,330,238
		991,189,930	809,044,959	182,144,971
Other non current assets				
- Prepaid taxes	5	2,769,415	2,476,373	293,042
- Various receivables and other non current assets	6	199,643,955	237,707,340	(38,063,385)
- Non current financial assets	7	9,315	4,700,238	(4,690,923)
		202,422,685	244,883,951	(42,461,266)
Total non current assets (A)		**1,193,767,366**	**1,056,479,667**	**137,287,699**
Current assets:				
Inventories for assets under construction		-	-	0
Inventories		-	-	0
Trade and other receivables	8	3,966,686	5,763,039	(1,796,353)
Trade and other receivables fr. related parties	9	450,451	1,265,234	(814,783)
Other current assets	10	8,540,250	3,543,574	4,996,676
Financial receivables and other financial receivables fr. related parties	11	14,228,119	35,283,126	(21,055,007)
Financial receivables and other financial receivables	11	5,192	40,452,059	(40,446,867)
Cash and cash equivalents	12	44,869,074	121,710,183	(76,841,109)
Total current assets (B)		**72,059,772**	**208,017,215**	**(135,957,443)**
Total assets' (A + B)		**1,265,827,138**	**1,264,496,882**	**1,330,256**
Total net equity (C)	**13**	**723,354,568**	**727,363,476**	**(4,008,908)**
Non current liabilities:				
Non current financial liabilities	14	417,429,052	358,112,088	59,316,964
Employee severance indemnity fund (TFR)	15	320,644	363,872	(43,228)
Deferred tax liabilities	5	9,550,112	56,342,304	(46,792,192)
Provisions for risks and future charges	16	2,403,860	642,753	1,761,107
Various payables and other non-current payables	17	18,622,017	196,550	18,425,467
Various payables and other non-current payables w. related parties	17	11,623,118	11,537,182	85,936
Total non current liabilities (D)		**459,948,803**	**427,194,749**	**32,754,054**
Current liabilties:				
Current financial liabilities	18	51,739,669	23,793,890	27,945,779
Current financial liabilities w. related parties	18	3,993,417	81,826,849	(77,833,432)
Trade and other payables	20	12,240,769	850,868	11,389,901
Trade and other payables w. related parties	21	734,420	1,188,147	(453,727)
Current tax liabilities	22	7,164,848	573,608	6,591,240
Other current liabilities	23	5,627,177	1,705,295	3,921,882
Other current liabilities w. related parties	23	1,023,467	-	1,023,467
Total current liabilities (E)		**82,523,767**	**109,938,657**	**(27,414,890)**
Total liabilities (F= D + E)		**542,472,570**	**537,133,406**	**5,339,164**
Total net equity and liabilities (C + F)		**1,265,827,138**	**1,264,496,882**	**1,330,256**

3.1.2 Income statement

Income statement Amounts in units of euros	Note	31/12/2008 (A)	31/12/2007 (B)	Change (A-B)
Revenues:	**24**	**52,177,729**	**55,969,261**	**(3,791,532)**
- revenues fr. third parties		25,779,480	27,195,836	(1,416,356)
- revenues fr. related parties		26,398,249	28,773,425	(2,375,176)
Other income:	**25**	**2,731,575**	**7,205,078**	**(4,473,503)**
- other income		1,514,278	4,373,858	(2,859,580)
- other income fr. related parties		1,217,297	2,831,220	(1,613,923)
Total revenues and operating income		**54,909,304**	**63,174,339**	**(8,265,035)**
Purchase of materials and services:	26	10,548,161	18,084,113	(7,535,952)
- purchase of materials and services		7,170,246	14,314,598	(7,144,352)
- purchase of materials and services fr. related parties		3,377,915	3,769,514	(391,599)
Cost of labor	27	4,078,174	4,035,230	42,944
Other operating costs	28	6,178,945	2,749,122	3,429,823
Change in inventories	29	0	0	-
Total operating costs		**20,805,280**	**24,868,465**	**(4,063,185)**
EBITDA		**34,104,024**	**38,305,874**	**(4,201,850)**
(Amortization and depreciation)		(84,262)	(276,275)	192,013
Change in fair value - increases / (decreases)	30	5,669,876	26,587,710	(20,917,834)
EBIT		**39,689,638**	**64,617,309**	**(24,927,671)**
Income from equity investments	31	92,064	0	92,064
Income from equity investments		**92,064**	**0**	**92,064**
Financial income	**32**	**3,433,387**	**6,493,341**	**(3,059,954)**
- fr. third parties		2,281,444	5,900,856	(3,619,412)
- fr. related parties		1,151,943	592,485	559,458
Financial charges	**32**	**23,794,101**	**19,472,915**	**4,321,186**
- w. third parties		22,666,307	16,259,430	6,406,877
- w. related parties		1,127,794	3,213,485	(2,085,691)
Net financial result		**(20,360,714)**	**(12,979,574)**	**(7,381,140)**
Pre-tax profit		**19,420,988**	**51,637,735**	**(32,308,811)**
Income tax for the period	33	(13,964,878)	11,189,049	(25,153,927)
Net profit for the period		**33,385,866**	**40,448,686**	**(7,154,884)**

3.1.3 Statement of changes in net equity

Amounts in units of euros	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings/ (losses)	Net profit for the year	Net equity
Balance at 31 December 2006	**282,249,261**	**76,180,288**	**1,357,917**	**162,205,737**	**1,657,649**	**55,520,683**	**579,171,535**
Change in fair value in the period				915,068			915,068
Capital increase	27,000,000	71,550,000		(3,311,832)			95,238,168
Convertible bond issue				29,694,648			29,694,648
Tax effect recognized directly at net equity				(8,225,903)			(8,225,903)
Allocation of 2006 profit							
- payment of dividends						(9,878,725)	(9,878,725)
- undistributed earnings reserve			2,776,035			(2,776,035)	0
- legal reserves				35,808,091	7,057,832	(42,865,923)	0
Net income for the period						40,448,686	40,448,686
Balance at 31 December 2007	**309,249,261**	**147,730,288**	**4,133,952**	**217,085,808**	**8,715,481**	**40,448,686**	**727,363,476**

Amounts in units of euros	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings/ (losses)	Net profit for the year	Net equity
Balance at 31 December 2007	**309,249,261**	**147,730,288**	**4,133,952**	**217,085,808**	**8,715,481**	**40,448,686**	**727,363,476**
Change in fair value in the period				(4,178,672)			(4,178,672)
Purchase of treasury shares	(10,976,592)			(11,275,891)			(22,252,483)
Tax effect recognized directly at net equity				6,229,122			6,229,122
Merger MV s.r.l.					(416,719)		(416,719)
Allocation of 2007 profit							
- payment of dividends						(16,776,021)	(16,776,021)
- legal reserves			2,022,435			(2,022,435)	0
- other reserves				18,239,169	3,411,061	(21,650,230)	0
Net income for the period						33,385,866	33,385,866
Balance at 31 December 2008	**298,272,669**	**147,730,288**	**6,156,387**	**226,099,537**	**11,709,822**	**33,385,866**	**723,354,568**

3.1.4. Statement of cash flows

Statement of cash flows Amounts in units of euros	31/12/2008	31/12/2007
Cash flows generated by operations:		
Net profit for the year	**33,385,866**	**40,448,686**
Reconciliation of the net profit for the period		
with the cash flows generated (absorbed) by operations:		
(Gains) losses and other non cash entries	(13,453)	(68,653)
Depreciation	84,262	276,275
Net change in provisions for deferred taxes and liabilities	(45,478,679)	7,343,048
Change in the fair value of real estate investments	(5,669,876)	(26,587,710)
Change in inventories		
Net change in current assets and liabilities	26,528,192	3,662,966
Net change in current assets and liabilities w. related parties	1,384,523	859,244
Net change in non current assets and liabilities	32,017,789	(7,334,091)
Net change in non current assets and liabilities w. related parties	85,936	(83,472)
Cash flows generated by operations (A)	**42,324,560**	**18,516,293**
Investments in plant, property and equipment	(111,563,409)	35,412,828
Investments in equity investments of subsidiaries	7,223,300	(89,878,667)
Cash flows absorbed by investment activities (B)	**(104,340,109)**	**(54,465,839)**
Acquisition of non current financial assets	0	0
Change in current financial receivables and other financial assets	40,446,867	(40,452,059)
Change in current financial receivables and other financial assets fr. related parties	21,055,007	(35,276,057)
Shareholder deposits increasing net equity	0	98,550,000
Purchase of treasury shares	(22,252,483)	0
Change in net equity due to IPO costs and other changes (tax effect)	0	(3,311,833)
Convertible bond issue	0	29,694,648
Payment of dividends	(16,776,021)	(9,878,725)
Change in current financial debt	27,945,779	(159,044,208)
Change in current financial debt w. related parties	(109,586,741)	81,728,929
Change in non current financial debt	44,257,655	179,048,478
Cash flows generated by financing activities (C)	**(14,909,937)**	**141,059,173**
Net increase (decrease) in cash and cash equivalents	**(76,925,486)**	**105,109,627**
Opening cash and cash equivalents	**121,710,183**	**16,600,556**
Cash and cash equivalents acquired through consolidation of equity investments	**84,377**	**0**
Closing cash and cash equivalents	**44,869,074**	**121,710,183**

3.2 Notes to the financial statements

Form and content of the separate financial statements of IGD SIIQ SpA

Introduction

The separate financial statements of Immobiliare Grande Distribuzione at 31 December 2008 were approved and authorized for publication by the Board of Directors on 12 March 2009.
Immobiliare Grande Distribuzione SIIQ SpA (IGD SIIQ SpA) is a company set up and organized under Italian law which operates exclusively in Italy. The Company manages and leases properties, with the goal of profiting from its real estate portfolio through (1) the acquisition, construction and leasing of retail properties (shopping centers, hypermarkets, supermarkets and malls), and (2) the optimization of yields on the properties it owns outright or the sale of malls at a profit. It also provides a wide range of services, through agency and facility management operations to properties owned by the Company and third parties.
The parent company IGD SIIQ SpA belongs to the Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2008 separate financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term “IFRS” encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed last year, with the following exceptions:
As from 1 January 2008 the IGD has adopted the new or revised IFRS and the new or revised IFRIC interpretations listed below:
- IFRIC 11 IFRS 2 - Group and treasury share transactions
- IFRIC 12 - Service concession arrangements
- IFRIC 14 IAS 19 - Reporting of defined benefit assets, minimum funding requirements and their interaction.

The Group has also opted for early adoption of the following IFRS and IFRIC interpretations:
- IFRIC 13 - Customer loyalty programs, effective from 1 July 2008.

The adoption of these revised standards and interpretations has had no impact on IGD ‘s financial statements. They have, however, given rise to additional disclosures.

<u>IFRIC 11 (IFRS 2 – Group and treasury share transactions)</u>
This interpretation requires that agreements giving employees the right to a company’s own equity instruments be treated as equity-settled plans even if the company acquires the instruments from a third party or if they are provided by the shareholders. It has had no impact on the Group’s results or financial position.

<u>IFRIC 12 - Service concession arrangements</u>
IFRIC 12 was issued in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations they undertake and rights they receive in service concession arrangements. The Company is not a service concession operator, so IFRIC 12 will have no effect on the financial statements.

IFRIC 14 - IAS 19 - The limit on a defined benefit asset. Minimum funding requirements and their interaction
The interpretation provides guidance on how to assess the limit on the amount of the surplus of a defined benefit plan that can be recognized as an asset in accordance with IAS 19 - Employee Benefits. The Company has changed its valuation policy accordingly. The interpretation has had no impact on the Company's results or financial position.

IFRIC 13 - Customer loyalty programs
IFRIC 13 was issued in June 2007. This interpretation requires that award credits granted to customers be accounted for as a separate component of the sales transaction(s) in which they were earned, and therefore that part of the fair value of the consideration received be allocated to the credits and amortized until the awards are redeemed. Its adoption has had no impact on the financial statements as there are no customer loyalty programs currently in place.

Changes effective as of 1 January 2009

IAS 1 Revised - Presentation of financial statements
The revised IAS 1 - Presentation of financial statements was approved in September 2007 and is effective for annual periods beginning on or after 1 January 2009. It specifies the correct presentation of changes in controlling interests and minority interests. The statement of changes in shareholders' equity will only provide details of transactions concerning group net equity, while all changes concerning minority interests will be presented on a single line. The revision also introduces the statement of comprehensive income, which includes all profit or loss items for a period plus other comprehensive income recognized in that period. Comprehensive income can be presented in a single statement or in two related statements. The Company is considering whether to use one statement or two.

IAS 23 - Borrowing costs
In March 2007, the IASB issued a revised version of IAS 23 - Borrowing costs, 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 that takes a substantial period of time to get ready for use or sale. The standard can be applied either prospectively or by capitalizing borrowing costs incurred as from 1 January 2008. The Company is still considering which option to take.

IFRS 2 Share-based payments – Vesting conditions and cancellations
This amendment to IFRS 2 - Share-based payments was published in January 2008 and is effective for annual periods beginning on or after 1 January 2009. It restricts the definition of "vesting conditions" to conditions that 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 that is under the control of the entity or the counterparty, this must be accounted for as a cancellation. The Company has no share-based payment plans with non-vesting conditions, and therefore does not expect significant effects for the recognition of option-based payment agreements.

Amendments to IAS 32 and IAS 1 - "Puttable" Financial Instruments
The changes to IAS 32 and IAS 1 were approved in February and are effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires that certain "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 to the financial statements must provide information on "puttable" options classified as equity. The Company does not expect these changes to affect the financial statements.

IFRS 8 - Operating Segments
IFRS 8 requires that an entity disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. It sets disclosure requirements in respect of operating segments, products and services, geographical areas and major customers.

FRIC 16 - Hedges of a net investment in a foreign operation with reference to IAS 39 and IAS 21
IFRIC 16 was issued in July 2008 and is effective for periods beginning on or after 1 October 2008. It must be applied prospectively. IFRIC 16 clarifies how to treat hedges of a net investment in a foreign operation. Specifically, it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment; and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, which must be recycled on disposal of the net investment. IFRIC 16 will not affect the financial statements as the Company has no such hedges.

IFRIC 15 - Agreements for the construction of real estate
IFRIC 15 was issued in July 2008 and is effective for periods beginning on or after 1 January 2009. It must be applied retrospectively. IFRS 15 clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction is completed. It also provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 will not have a significant impact on the financial statements.

Changes effective as of 1 January 2010:

IFRS 3 - Business combinations and IAS 27 - Consolidated and separate financial statements
The main changes were issued in January 2008 and are effective for periods beginning on or after 1 July 2009.
IFRS 3R introduces a number of changes in accounting for business combinations occurring after that date, which will impact the amount of goodwill recognized, the results in the period that an acquisition occurs, and future results. IFRS 3 now requires the expensing of ancillary costs associated with business combinations and allows companies to recognize 100% of the goodwill of the acquired entity, including that attributable to minority investors (the "full goodwill method").
IAS 27R addresses changes in the equity interest held in a subsidiary (without loss of control). The effects of acquiring additional shares of a subsidiary or partially disposing of a subsidiary without losing control are accounted for as equity transactions.
The changes to IFRS 3 and IAS 27 will impact future business combinations, operations leading to loss of control of a subsidiary, and transactions with minority investors. Early adoption is permitted, but the Company does not plan to take this option.

The Company is evaluating the potential impact of applying IFRS 8 and IAS 1, while no impact is expected for the other standards and interpretations.

Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenues, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.

Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

The financial statements, tables and explanatory notes are expressed in thousands of euro, unless specified otherwise.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired.
Goodwill acquired with a business combination, which in the separate financial statements is added to the value of the investment acquired, is initially recorded at cost and represents the excess purchase cost with respect to the acquirer's share of the net fair value of the acquired companies' identifiable assets, identifiable liabilities, and contingent liabilities. Any negative difference ("negative goodwill") is charged to profit or loss at the time of the acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- When goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and unamortized goodwill are recognized to profit and loss.
After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including negotiation expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40.
Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general.
To that end, IGD SpA has hired CB Richard Ellis Professional Services SpA, a specialized property appraiser, to determine the fair value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.
Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal date, assuming:

- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration;

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation methods used for the various kinds of asset are reported below.

For **malls**, the following method was used:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For **hypermarkets** and **supermarkets**, the method used was as follows:

- discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

For the **freehold portions used as stores**, wholesale zone, fitness area, and offices, the following methods were used:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets;
- income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The values obtained with the above methods are then appropriately mediated.
The market value of the property includes the plants and equipment pertaining to the property itself.
Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction are valued at cost, as is land on which shopping centers are currently being built. When construction or development of an investment property is completed, it is restated to "investment property" and recognized at fair value; the difference between fair value at the time of restatement and its previous carrying value is charged to profit and loss of the period when the restatement occurs.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Plant, machinery and equipment	Rate
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.
In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.
When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment. Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous. Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all purchase, transformation and other costs incurred to bring the inventories to their present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These refer mainly to financial assets held for trading purposes in order to profit from short-term fluctuations in the price or the margin. They are recognized at fair value, without any deduction for the transaction costs that may be incurred on their sale.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds with their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

Provisions for risks and charges

Provisions for risks and charges cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.
The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 ("trattamento di fine rapporto" or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

Revenues

Revenues are recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. They are shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenues are posted to the income statement.
- *Rental income*
Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.
- *Service income*
Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes
Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.
Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes
Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes

and the value reported in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:
- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

A deferred tax asset shall be recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:
- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying value of a deferred tax asset shall be reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired:
- the Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Company's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that IGD could be required to pay.

Financial liabilities

A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:
a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:
Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.
Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transac-

tion are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.
If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).
On 16 April 2008, IGD SIIQ SpA, which meets the organizational, ownership and statutory requirements, opted for this special status. At 31 December 2008 it had also satisfied the financial and earnings parameters set by law and had thus met the objective requirements.
In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity. IGD SIIQ SpA does maintain marginal operations other than property rental and the equivalent ("taxable operations").
Income from taxable operations has been subject to the standard rules of computation and taxation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.
To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ SpA has kept separate accounts for exempt rental operations and taxable marginal operations.
In keeping with the accounting standards, income from exempt operations include revenues and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenues and costs stemming from the company's remaining activities have been allocated to taxable operations.
In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8 of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenues to total revenues.
As for properties (owned or held on the basis of real property rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.
Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenues. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The balance sheet and income statement are broken down below by business segment.

Income statement	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rent		Services		Undivided		Total	
Revenues	52,245	56,046	1,434	5,669	-	364	53,679	62,079
Direct costs	11,871	15,566	971	2,647	-	0	12,841	18,213
Gross margin	**40,375**	**40,480**	**463**	**3,021**	**-**	**364**	**40,838**	**43,866**
Undivided costs-revenues					- 6,734	- 5,560	- 6,734	- 5,560
Ebitda	**40,375**	**40,480**	**463**	**3,021**	**- 6,734**	**-5,196**	**34,104**	**38,306**
Reval,/dep,&amort,	5,586	26,322	0	0	- 4	- 8	5,582	26,312
Ebit	**45,960**	**66,802**	**463**	**3,021**	**- 6,738**	**- 5,204**	**39,690**	**64,618**
Income from equity invest,							92	0
Net fin, income (charges)							-20,361	- 12,980
Taxes							13,965	-11,189
Net profit							**33,386**	**40,449**

Balance sheet	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	Rent		Services		Undivided		Total	
Real estate portfolio	842,233	700,419	0	0	0	0	842,233	700,419
Other non-current assets	0	0	0	0	202,568	242,734	202,568	242,734
Assets under construction	148,957	108,626	0	0			148,957	108,626
Net working capital	-15,403	2,953	194	331	1,375	2,970	-13,833	6,254
Other non-current liabilities	-42,250	-68,777	-269	-306			-42,520	-69,083
Total use of funds	**933,537**	**743,221**	**-75**	**25**	**203,944**	**245,704**	**1,137,405**	**988,950**
Net debt	210,905	19,494	-799	-3,612	203,944	245,704	414,050	261,587
Equity	722,631	723,727	723	3,637			723,355	727,363
Total source of funds	**933,537**	**743,221**	**-75**	**25**	**203,944**	**245,704**	**1,137,405**	**988,950**

Business combinations

Acquisition of Nikefin Asti Srl.

On 19 December 2008, IGD acquired 100% of Nikefin Asti Srl. Costing €8,883,411, Nikefin Asti was paid for in cash, as the company had already taken out a mortgage loan prior to the acquisition. The following table compares the fair value and carrying value (according to IAS/IFRS) of Nikefin Asti's identifiable assets and liabilities at the acquisition date:

Nikefin Asti s.r.l. In EUR	Carrying value	Fair value
Intangible assets	0	0
Plant, property and equipment	40,286,135	40,949,051
Other non-current assets	2,860	2,860
Total non-current assets	***40,288,995***	***40,951,911***
Current assets		
Inventories	0	0
Trade receivables	0	0
Other non-current assets	4,747,419	4,747,419
Cash and cash equivalents	1,256	1,256
Total current assets	***4,748,675***	***4,748,675***
Total assets	***45,037,670***	***45,700,586***
Non-current liabilities		
Non-current financial liabilities	29,894,800	29,894,800
Deferred tax liabilities	0	0
Total non-current liabilities	***29,894,800***	***29,894,800***
Current liabilities		
Current financial liabilities	6,890,348	6,890,348
Trade payables	32,027	32,027
Other current liabilities	0	0
Total current liabilities	***6,922,375***	***6,922,375***
Total liabilities	***36,817,175***	***36,817,175***
Net assets	**8,220,495**	**8,883,411**
Goodwill		**0**
Acquisition cost		**8,883,411**

The income statement of the acquiree, included in the Group's consolidated income statement as from the date of acquisition, closed with a loss of €3 thousand.

Notes to the separate financial statements

Note 1) Intangible assets with finite useful lives

Intangible assets with finite useful lives -2007	Balance at 01/01/2007	Additions	Disposals	Amortization	Reclassifications	Balance at 31/12/2007
Intangible assets with finite useful lives	8,009	0	0	-1,436		6,573
Assets under construction	0	0	0	0		0
Total intangible assets with finite useful lives	**8,009**	**0**	**0**	**-1,436**		**6,573**

Intangible assets with finite useful lives -2008	Balance at 01/01/2008	Additions	Disposals	Amortization	Reclassifications	Balance at 31/12/2008
Intangible assets with finite useful lives	6,573	0	0	-1,436	0	5,137
Assets under construction	0	246,150	-224,000	0	0	22,150
Total intangible assets with finite useful lives	**6,573**	**246,150**	**-224,000**	**-1,436**	**0**	**27,287**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
The disposals for the year consists in the sale of a commercial center management software to the subsidiary Immobiliare Larice.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.

Note 2) Goodwill

Goodwill 2007	Balance at 01/01/2007	Additions	Decreases	Reclassifications	Balance at 31/12/2007
Goodwill	**2,544,184**	**0**	**0**	**0**	**2,544,184**

Goodwill 2008	Balance at 01/01/2008	Additions	Decreases	Reclassifications	Balance at 31/12/2008
Goodwill	**2,544,184**	**0**	**-2,000,095**	**-416,625**	**127,464**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2008.

Breakdown of goodwill by CGU	31/12/2007	31/12/2008
Centro Nova	545,625	0
Città delle Stelle	64,828	64,828
Lungo Savio	416,625	0
San Donà	448,444	0
San Ruffillo	62,636	62,636
Gescom Service	1,006,026	0
Total	**2,544,184**	**127,464**

During the year the divisions of Centro Nova and San Donà were sold, while the Service division was spun off into Immobiliare Larice srl. These divisions are involved in the management of leasehold shopping malls and in Service activities for both freehold and leasehold properties.
Goodwill for Lungo Savio, following the purchase of the mall found in the Lungo Savio commercial center, was allocated in full to the relative investment property. Goodwill for the CGUs Città delle Stelle and San Ruffillo was determined on the basis of value in use. The recoverable amount was calculated by projecting cash flows estimated in the 2009 budget and in revised plans for 2010-2012, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discounting rate (WACC) was 6.92%; the risk premium contained in the cost of equity is 5%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 2% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 3) Investment property

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

Investment property 2007	Balance at 01/01/07	Increases	Decreases	Revaluations	Impairment	MV merger	Reclassifications	Balance at 31/12/07
Investment property	**671,857,000**	**1,345,290**	**0**	**26,587,710**	**0**	**0**	**0**	**699,790,000**

Investment property 2008	Balance at 01/01/08	Increases	Decreases	Revaluations	Impairment	MV merger	Reclassifications	Balance at 31/12/08
Investment property	**699,790,000**	**73,323,990**	**-13,544**	**7,792,668**	**-2,122,792**	**62,300,000**	**709,678**	**841,780,000**

The following shopping malls were acquired in 2008:
- Lungo Savio (Cesena)
- Gran Rondò (Crema)
- Mondovicino (Mondovì),through the merger of the wholly-owned subsidiary MV s.r.l.

Minor investments were also made in the shopping centers Afragola, ESP, Borgo, Abruzzo, Lame, Imola, Livorno and Casilino.

The independent appraisal by CB Richard Ellis at 31 December 2008 raised the fair value of most of the hypermarkets, but lowered it for certain malls.
The valuation policies used, as certified in the appraisal report, were as follows:
- for malls: discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.
- for hypermarkets and supermarkets: discounted cash flow projections based on 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 capitalizing the final year's rental income at an applicable market rate for similar investments.

- For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used:
  - comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
  - Income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.
  - The values obtained with the above methods are then appropriately mediated.

For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal report by CB Richard Ellis, included in this report.

Note 4) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
During the year company divisions were sold along with the pertinent fixed assets (column "decreases").
Movements in plant and machinery in 2007 and 2008 are shown below:

Plant and machinery -2007	Balance at 01/01/07	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/07
Historical cost Plant and machinery	997,786	90,622					1,088,408
Accumulated depreciation Plant and machinery	-651,965			-116,452			-768,417
Net carrying value Plant and machinery	**345,821**	**90,622**		**-116,452**			**319,991**

Plant and machinery -2008	Balance at 01/01/08	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/08
Historical cost Plant and machinery	1,088,408	17,340	-882,798			-42,563	180,387
Accumulated depreciation Plant and machinery	-768,417		640,104	-17,357		37,176	-108,494
Net carrying value Plant and machinery	**319,991**	**17,340**	**-242,694**	**-17,357**		**-5,387**	**71,893**

The decreases are attributable primarily to the sale of company divisions of Centro Nova and Centro San Donà di Piave to the wholly owned subsidiary Immobiliare Larice srl.

The following tables show movements in equipment in 2007 and 2008:

Equipment - 2007	Balance at 01/01/07	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/07
Historical cost							
Equipment	561,684	132,376					694,060
Accumulated depreciation							
Equipment	-456,542			-52,138			-508,680
Net carrying value							
Equipment	**105,142**	**132,376**		**-52,138**			**185,380**

Equipment - 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/08
Historical cost							
Equipment	694,060	7,633	-366,345		199,746		535,094
Accumulated depreciation							
Equipment	-508,680		324,211	-48,461	-5,760		-238,690
Net carrying value							
Equipment	**185,380**	**7,633**	**-42,134**	**-48,461**	**193,986**	**0**	**296,404**

The decreases are attributable primarily to the sale of company divisions of Centro Nova and Centro San Donà di Piave to the wholly owned subsidiary Immobiliare Larice srl, along with the spin-off of the Service division to the latter. The effects of the MV merger are also shown.

Movements in leasehold improvements in 2007 and 2008:

Leasehold improvements - 2007	Balance at 01/01/07	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/07
Net carrying value Leasehold improvements	**229,663**			**-106,427**			**123,236**

Leasehold improvements - 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	MV merger	Reclassifications	Balance at 31/12/08
Net carrying value Leasehold improvements	**123,236**	**72,384**	**-89,233**	**-17,008**		**-4,336**	**85,043**

The decrease in leasehold improvements is due chiefly to the sale of the company division Centro San Donà di Piave.

Note 4 a) Assets under construction

The increase in assets under construction (see Note 39: commitments and risks) is mainly due to:

- down payments and security deposits for the purchase of the new shopping malls in Gorizia and Catania
- additional advances on existing preliminary contracts
- the expansion of the commercial centers Centro ESP, Centro d'Abruzzo, Centro Portogrande and roadworks at the future commercial center in Chioggia;

The decrease is essentially due to:

- the designation of Coop Adriatica, a related party, as signatory to the preliminary contract for the land in Conegliano (€32,608,286);

- cancellation of the preliminary contract for the purchase of the Spilamberto commercial center, entailing the refund of the €2,875,000 down payment;
- a refund of €6,000,000 related to the down payment on the Livorno project upon execution of the final deed of sale by Porta Medicea, a related party;
- the transfer of the preliminary contract for the Beinasco commercial center to RGD for €53,550.

Assets under construction - 2007	Balance at 01/01/07	Increases	Decreases	MV merger	Reclassifications	Balance at 31/12/07
Net book value Assets under construction	**145,607,470**	**28,926,633**	**-65,896,611**		**-11,140**	**108,626,352**

Assets under construction - 2008	Balance at 01/01/08	Increases	Decreases	MV merger	Reclassifications	Balance at 31/12/08
Net book value Assets under construction	**108,626,352**	**87,139,890**	**-46,526,324**		**-283,328**	**148,956,590**

See section 2.1.3.2 (the real estate portfolio) for further details.

Note 5) Deferred tax assets and deferred tax liabilities

Deferred tax assets consist mainly of the tax effect on IAS entries. There are no deferred tax assets on fiscal losses. The above taxes have been classified as "Non-current deferred tax assets."

Deferred tax assets and liabilities	31/12/2008	31/12/2007	Change
Deferred tax assets	2,769,415	2,476,373	293,042
Deferred tax liabilities	-9,550,112	-56,342,304	46,792,192

The breakdown of deferred tax assets follows:

Deferred tax asset	31/12/2008	31/12/2007	Change
Amortization reversal	115,598	25,949	89,649
Capital increase	623,949	831,932	-207,983
IPO costs	476,721	953,442	-476,721
Goodwill amortization for tax purposes	0	384,880	-384,880
Taxed provisions	122,942	182,038	-59,096
Bonus provision	12,755	98,132	-85,377
IAS 40 2008	546,759	0	546,759
Higher land value for tax purposes	545,160	0	545,160
IAS 19	991	0	991
Amortization reversal	324,540	0	324,540
Total deferred tax assets	**2,769,415**	**2,476,373**	**293,042**

Deferred tax assets relate to:
- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (IPO and capital increase expenses) or expen-

sed in full as they can no longer be capitalized
- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property impairment in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land
- fair value recognition of interest rate swaps used for hedging purposes (at 31 December 2008 the fair value of these contracts was negative)
- recognition of a loan relating to a finance lease on the Beinasco investment property
- elimination of intercompany capital gains

Pursuant to treatment under the special SIIQ regime, the deferred tax assets related to losses in periods prior to SIIQ election are calculated in accordance with paragraph 132 of Law n. 296 dated 27 December 2006 and bulletin 8/E of 31 January and relate to:
- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (IPO and capital increase expenses) or expensed in full as they can no longer be capitalized.

Deferred tax assets in 2008 relate to:
- taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- the effect of investment property impairment in accordance with IAS 40;
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land.

Deferred tax assets	Balance at 31/12/2007		Increases	Decreases	Increases	Reversal	Balance at 31/12/2008	
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
IAS 19 2008	0	0	3,604	0	991	0	3,604	991
Fair value adj, 2008	0	0	1,988,215	0	546,759	0	1,988,215	546,759
Land at fair value under SIIQ at 20%	0	0	2,725,801	0	545,160	0	2,725,801	545,160
SIIQ goodwill for SIIQ alignment	1,225,732	384,880	0	-1,225,732	0	-384,880	0	0
IAS 38 2008	0	0	1,693		465	0	1,693	465
Impairment doubtful accounts 2008	0	0	140,723	0	38,702	0	140,723	38,700
2008 bonuses	0	0	46,379	0	12,756	0	46,379	12,755
Brand amorti,	1,276	400	0	-1,276	0	-400	0	0
Utilization impairment reserves	661,955	182,038	0	-355,625	0	-97,799	306,330	84,242
Past financial charges	78,702	21,643	0	-23,076	0	-6,346	55,626	15,298
2007 bonuses	356,848	98,132	0	-356,848	0	-98,132	0	0
Past IAS 38	12,439	3,906	14,200	-5,739	553	-1,801	20,901	2,658
IPO	3,036,440	953,442	0	-1,518,219	0	-476,721	1,518,222	476,721
Capital increase	2,649,465	831,932	0	-662,366	0	-207,983	1,987,099	623,949
Effect of IRS transactions**	0	0	1,180,146	0	324,540	0	1,180,146	324,540
Effect of MV tax losses	0	0	113,822	-113,822	31,301	-31,301	0	0
Past IAS 38 MV	0	0	390,583	-81,102	122,640	-25,468	309,481	97,177
TOTAL	**8,022,858**	**2,476,373**	**6,605,166**	**-4,343,806**	**1,623,868**	**-1,330,831**	**10,284,218**	**2,769,415**

** charged directly to net equity

The breakdown of provision for deferred tax liabilities follows:

Provision for deferred tax liabilities	31/12/2008	31/12/2007	Change
Accelerated depreciation for tax purposes	0	2,836,199	-2,836,199
Land depreciation for tax purposes	0	4,742,225	-4,742,225
Other depreciation and amortization for tax purposes	0	9,528,839	-9,528,839
Capital gains in instalments	131,031	211,670	-80,639
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	0	21,226,676	-21,226,676
Tax effect on reversal of investment property depreciation at 31/12/04	0	5,145,178	-5,145,178
Tax effect on reversal of investment property depreciation at 31/12/05	0	5,333,099	-5,333,099
Tax effect on amortization reversal	0	127,956	-127,956
Tax effect on statutory revaluation per Law 266/2005	0	-63,668,556	63,668,556
2007 depreciation and amortization for tax purposes net of rate adjustments	0	3,395,205	-3,395,205
Tax effect on fair value of properties	8,467,499	4,902,312	3,565,187
Tax effect on interest rate swaps	0	1,260,473	-1,260,473
Tax effect on post-employment benefits per IAS 19	0	10,576	-10,576
Tax effect on convertible bond	951,582	7,422,834	-6,471,252
Total deferred tax liabilities	**9,550,112**	**56,342,304**	**-46,792,192**

Provisions for deferred tax liabilities changed significantly due to the reversal of deferred taxes accrued until 31 December 2007 by IGD SIIQ SPA which, when it elected SIIQ status, paid a substitute tax on the difference between the fair value and the value for tax purposes of its investment property. See Note 33 for details.

Deferred tax liabilities	Balance at 31/12/2007		Increases	Decreases	Increases	Reversal	Balance at 31/12/2008	
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
Capital gains disposals	714,713	196,546	0	-238,238	0	-65,515	476,475	131,031
Capital gains disposals	54,995	15,124	0	-54,995	0	-15,124	0	0
IAS financial charges on bonds**	26,992,123	7,422,834	0	-23,531,824	0	-6,471,252	3,460,299	951,582
Fair value adjustment 2008	0	0	7,658,090	0	2,105,975		7,658,090	2,105,975
Effect of absorption of MV	0	0	20,259,632	0	6,361,524		20,259,632	6,361,524
Accelerated depreciation	7,613,957	2,836,199	0	-7,613,957	0	-2,836,199	0	0
Land depreciation	12,730,805	4,742,225	0	-12,730,805	0	-4,742,225	0	0
Depreciation and amortization	25,580,776	9,528,839	0	-25,580,776	0	-9,528,839	0	0
Tax effect on fair value at 1/1/04	94,742,081	35,291,425	0	-94,742,081	0	-35,291,425	0	0
Tax effect on fair value at 31/12/04	16,439,557	6,123,735	0	-16,439,557	0	-6,123,735	0	0
Tax effect on fair value at 31/12/05	33,429,417	12,452,458	0	-33,429,417	0	-12,452,458	0	0
Tax effect on fair value at 31/12/06	56,984,365	21,226,676	0	-56,984,365	0	-21,226,676	0	0
Tax effect on reversal of investment property depreciation 2004	13,812,558	5,145,178	0	-13,812,558	0	-5,145,178	0	0
Tax effect on reversal of investment property depreciation 2005	14,317,044	5,333,099	0	-14,317,044	0	-5,333,099	0	0
Tax effect on amortization reversal	343,506	127,956	0	-343,506	0	-127,956	0	0
Tax effect on statutory revaluation per	-170,922,298	-63,668,556	0	170,922,298	0	63,668,556	0	0
Depreciation and amortization for tax purposes	19,368,946	7,214,932	0	-19,368,946	0	-7,214,932	0	0
Tax effect on interest rate swaps *	4,583,538	1,260,473	0	-4,583,538	0	-1,260,473	0	0
Tax effect on post-employment benefits per IAS 19	38,458	10,576	0	-38,458	0	-10,576	0	0
Tax effect on fair value at 31/12/07	26,587,710	8,348,541	0	-26,587,710	0	-8,348,541	0	0
Rate adjustment (37,25%- 31,4%)	0	-7,265,956	0	0	0	7,265,956	0	0
TOTAL	**183,412,252**	**56,342,304**	**27,917,722**	**-179,475,479**	**8,467,499**	**-55,259,691**	**31,854,495**	**9,550,112**

* effect of IRS transactions charged directly to net equity / ** effect on convertible bond charged to net equity of €6,229,122

Note 6) Sundry receivables and other non-current assets

Sundry receivables and other non-current assets	31/12/2008	31/12/2007	Change
Equity investments	193,506,540	219,694,141	-26,187,601
Down payment for purchase of shares	5,480,000	17,980,000	-12,500,000
Tax credits	4,653	7,803	-3,150
Beneficial interest	629,358	0	629,358
Due from others	3	1,346	-1,343
Security deposits	23,401	24,050	-649
Total	**199,643,955**	**237,707,340**	**-38,063,385**

"Down payments for the purchase of shares" refers mainly to the advances paid for the acquisition of two equity interests, described in Note 39 - Commitments and risks:

- Milano est Srl, designated to build the Peschieria commercial center
- Sagittario Srl, which owns most of Galleria Commerciale di Vigevano.

The beneficial interest refers to the real property right on the malls at the San Ruffillo and Città delle Stelle shopping malls.

The equity investments can be broken down as follows:

Details equity investments	31/12/2008	31/12/2007	Change
Consorzio Forte di Brondolo	55,319	55,319	0
Immobiliare Larice srl	170,183,477	129,604,154	40,579,323
Consorzio Proprietari C,C,Leonardo	52,000	156,000	-104,000
Rgd srl	0	56,600,000	-56,600,000
Mv srl	0	18,965,643	-18,965,643
Millennium Gallery srl	14,313,025	14,313,025	0
Nikefin asti srl	8,883,411	0	8,883,411
Winmarkt management srl	18,482	0	18,482
Other	826	0	826
Total	**193,506,540**	**219,694,141**	**-26,187,601**

The changes in the year are primarily attributable to the following operations:

- capital increase subscription and future capital increase deposit of €40,579,323 in Immobiliare Larice srl
- sale of RGD to the company Immobiliare Larice
- merger by incorporation of MV s.r.l.
- purchase of equity investment Nikefin Asti s.r.l.
- purchase of a 10% interest in the company Winmarkt Management

Note 7) Non-current financial assets

Non-current financial assets	31/12/2008	31/12/2007	Change
Non-current financial assets	9,315	4,700,238	(4,690,923)

This item includes the fair value at 31 December 2008 of hedge derivatives. See Note 37 - Derivatives for further information.

Note 8) Trade and other receivables

Trade and other receivables	31/12/2008	31/12/2007	Change
Trade receivables	6,128,887	8,199,648	-2,070,761
Provision for doubtful accounts	-2,162,201	-2,436,609	274,408
Total trade receivables	**3,966,686**	**5,763,039**	**-1,796,353**

Trade receivables generally mature within one month.
The decrease over the prior year is chiefly due to the sale of company divisions of Centro Nova and Centro Piave and the spin-off of the Service division to the wholly owned subsidiary Immobiliare Larice.
Movements in the provision for doubtful accounts are shown below:

Movements in the provision for doubtful accounts	Balance at 31/12/07	Utilizations	Writedown of delinquent interest	Accruals	Balance at 31/12/08
Provision for doubtful accounts	2,436,609	-740,456	22,848	443,200	2,162,201
Total provision for doubtful accounts	**2,436,609**	**-740,456**	**22,848**	**443,200**	**2,162,201**

Note 9) Related party trade and other receivables

Related party trade and other receivables	31/12/2008	31/12/2007	Change
Parent company	86,079	83,372	2,707
Total due from parent company	**86,079**	**83,372**	**2,707**
Subsidiaries	307,442	1,139,430	-831,988
Total subsidiaries	**307,442**	**1,139,430**	**-831,988**
Due from related parties			
Ipercoop Tirreno	20,629	10,938	9,691
Vignale Immobiliare srl	17	13,041	-13,024
Unicoop Tirreno scarl	23,361	6,768	16,593
Librerie Coop spa	12,036	0	12,036
Robintur spa	887	11,686	-10,799
Total due from related parties	**56,930**	**42,432**	**14,498**
	450,451	**1,265,234**	**-814,783**

See Note 35 for comments.

Note 10) Other current assets

Other current assets	31/12/2008	31/12/2007	Change
Tax credits			
VAT credits	6,627,316	1,420,276	5,207,040
IRES credits	1,100,277	980,436	119,841
IRAP credits	92,275	0	92,275
Due from others			
Monthly advances	0	46,782	-46,782
Due from insurers	2,000	96,000	-94,000
Accrued income and prepayments	120,436	135,995	-15,559
Deferred costs	515,422	827,246	-311,824
Other	82,524	36,840	45,684
Total other current assets	**8,540,250**	**3,543,574**	**4,996,675**

Most of the change on the previous year is due to the increase in VAT credits as a result of the merger by incorporation of the company MV s.r.l..
Deferred costs refer to new investments to be completed in coming years.

Note 11) Financial receivables and other current financial assets

Financial receivables and other current financial assets	31/12/2008	31/12/2007	Change
Other financial assets	5,192	0	5,192
Due from UBS for trend accrual bill	0	40,452,059	-40,452,059
Total due from third parties	**5,192**	**40,452,059**	**-40,446,867**
Due from related parties	47,309	16,405	30,904
Due from subsidiaries	14,180,810	35,266,721	-21,085,911
Total due from related parties	**14,228,119**	**35,283,126**	**-21,055,007**

The decrease in financial receivables and other current financial assets relates to a "Trend Accrual Bill" that was settled in early 2008.
The receivables due from subsidiaries concerns a loan granted at market rates to Millennium Gallery s.r.l., Immobiliare Larice srl and Nikefin Asti srl.

Note 12) Cash and cash equivalents

Cash and cash equivalents	31/12/2008	31/12/2007	Change
Cash and cash equivalents at banks, financial institutions and post offices	44,842,893	121,642,134	-76,799,241
Cash on hand	26,181	68,049	-41,868
Total cash and cash equivalents	**44,869,074**	**121,710,183**	**-76,841,109**

Cash and cash equivalents at 31 December 2008 consisted mainly of current account balances and time deposits at banks.

Note 13) Net equity

Movements in this item are detailed in the statement of changes in net equity.
The change in share capital since 31 December 2007 reflects the purchase of treasury shares, charged against share capital at their par value of €10,976,592.
The legal reserve increased due to allocation of €2,022,435 from the 2007 net profit.
Retained earnings increased because €2,994 thousand was carried forward from the 2007 net profit , which included €3,411,061 from 2007 and -€416,719 to the loss carried forward from the merger of MV srl.
Dividends of €16,776,021 were paid during the year.
The *"Reserve for first-time adoption of IAS/IFRS"* is a contra-entry to those made upon translation of the separate financial statements at 1 January 2004 to comply with IAS/IFRS.
The "Fair value reserve" stems from the fair-value recognition of investment property.
Most of the movements in other reserves were a result of:
- the change in derivatives accounted for using the cash flow hedge method;
- the recognition in a separate reserve of the difference between the purchase value and the par value of treasury shares purchased, for €11,275,891. That amount includes ancillary costs of €110,709;
- the separate recognition of deferred tax liabilities on the bond for the portion corresponding to exempt operations.

Below are details of the item "Other reserves" at 31 December 2007 and 31 December 2008:

Breakdown of other reserves In thousands euros	Reserve for first-time adoption of IAS/IFRS	Translation reserves	Merger balance	Profits (losses) recognized directly in net equity	Convertible loan reserve	Fair value reserve	Total other reserves
Balance at 31 December 2006	**(964,851)**	**23,113**	**13,735,610**	**(2,355,414)**	**0**	**151,767,279**	**162,205,737**
Allocation to undistributed earnings reserve							
Capital increase				(3,311,832)			(3,311,832)
Convertible bond					29,694,648		29,694,648
Fair value recognition of investment property						35,808,091	35,808,091
Unrealized gains (losses) from fair value adjustment of hedge derivatives, net of tax effects				915,068			915,068
Tax effects				88,764	(8,314,667)		(8,225,903)
Balance at 31 December 2007	**(964,851)**	**23,113**	**13,735,610**	**(4,663,415)**	**21,379,981**	**187,575,370**	**217,085,808**

Breakdown of other reserves In thousands euros	Reserve for first-time adoption of IAS/IFRS	Translation reserves	Merger balance	Profits (losses) recognized directly in net equity	Convertible loan reserve	Fair value 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**	**217,085,809**
Purchase of treasury shares				(11,275,891)			(11,275,891)
Translation of financial statements in foreign currency							0
Tax effects					6,229,122		6,229,122
Fair value recognition of investment property						18,239,169	18,239,169
Unrealized gains (losses) from fair value adjustment of hedge derivatives, net of tax effects				(4,178,672)			(4,178,672)
Balance at 31 December 2008	**(964,851)**	**23,113**	**13,735,610**	**(20,117,977)**	**27,609,103**	**205,814,539**	**226,099,537**

Pursuant to Article 2427, paragraph 7 bis, of the Italian Civil Code, the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. Please note that fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005 for €150,411,622, net of the substitute tax of €20,510,676.

Type/description Amount in thousand of euros	Amount	Possible utilization	Available amount	Summary of utilizations made in periods subsequent to 01.01.2003	
				to cover losses	for other reasons
Share capital	**309,249,261**				
Treasury shares purchased	**-10,976,592**				
Capital reserves:					
Share premium reserve	147,730,288	A, B	147,730,288	-	-
Euro translation reserve	23,113	A, B	23,113	-	-
Goodwill reserve	13,735,610	A, B	13,735,610	-	-
Fair value reserve	205,814,539	B	205,814,539		
Other reserves	6,526,275	-			
Earnings reserves:					
Legal reserve	6,156,387	B	6,156,387	-	-
Retained earnings	11,709,822	-			
Total	**689,968,703**		**373,459,937**		
Non distributable amount			373,459,937		
Amount available for distribution			**0**		

Key: A: for capital increase B: to cover losses C: for distribution to shareholders

Note 14) Non-current financial liabilities

This item includes the convertible bond loan and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	Balance at 31/12/08	Balance at 31/12/07	Change
Mortgage loans with banks				
Banca Pop.di Verona scarl	31/05/2001 - 31/05/2011	4,489,324	7,293,224	-2,803,900
Intesa BCI spa	31/05/2001 - 31/05/2011	4,727,695	7,691,087	-2,963,392
Unicredit Banca Impresa spa/ Mediocredito	05/04/2001 - 05/04/2011	3,873,427	6,455,712	-2,582,285
Banca Toscana spa Casilino	31/12/2001 - 31/12/2015	18,350,918	20,914,788	-2,563,870
Banca Toscana spa Casilino	31/12/2001 - 31/12/2013	7,601,316	9,278,372	-1,677,056
Banca Toscana spa Livorno	31/12/2001 - 31/12/2013	15,440,172	18,846,693	-3,406,521
Banca Toscana spa Livorno	31/12/2001 - 31/12/2013	13,302,302	16,237,151	-2,934,849
BNL	06/09/2006 - 06/10/2016	22,398,073	24,236,037	-1,837,964
Interbanca spa	25/09/2006 - 05/10/2021	73,377,451	48,248,550	25,128,901
Banca bre Mondovì mortgage loan	23/11/2006 - 10/01/2023	13,076,526	0	13,076,526
Unipol lungo savio	31/12/2008 - 31/12/2023	11,569,786	0	11,569,786
Convertible Bond	**28/06/2007 - 28/06/2012**	**205,162,753**	**198,910,474**	**6,252,279**
Due to other sources of finance		**23,000,000**	**0**	**23,000,000**
Non-current Financial liabilities (IRS on mortgage loans)		**1,059,309**	**0**	**1,059,309**
Total		**417,429,052**	**358,112,088**	**59,316,964**

The change in non-current financial liabilities is a result of:
- a new mortgage loan taken out with Unipol Banca for the purchase of the Lungo Savio mall;
- mortgage with BRE assumed following the merger by incorporation of MV s.r.l.;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2009 to current financial liabilities.

Mortgage loans are secured by properties and charge interest at the rates shown above.
The heading "due to other sources of finance" covers the sum due by 31 December 2011 to Immobiliare Gran Rondò Srl for the purchase of the Crema commercial center is guaranteed from our share.
The following information concerns the convertible bond loan:
- On 28 June 2007 the Company issued a convertible bond loan of €230.0000.000, paying coupons at 2.5%.
- In accordance with IAS 32, this has initially been recognized as a financial liability of €200,305,352, corresponding to the value of a comparable liability with no equity component. The effective interest rate used is 5.53%.
- Under the amortized cost method, the ancillary 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, leading to an effective rate of 6.03% (see Note 32).
- The change in 2008 is due to the increase in financial charges.

Non-current financial liabilities include the fair value recognition of derivatives outstanding at 31 December 2008.

Covenants
The covenants on loans outstanding at the close of the year are as follows:
- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2008, the ratio was 0.99.
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, the debt-to-equity ratio exceeds 2.0. At the close of 2008, the ratio was 0.57.

Note 15) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

Severance indemnity provision	Balance at 31/12/07	Transfer	Utilization	Accrual	Financial charges IAS 19	Balance at 31/12/2008
Severance indemnity provision	**363,872**	**173,240**	**69,533**	**187,038**	**12,507**	**320,644**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

Recalculation of the employee severance indemnity provision in accordance with IAS 19	2008	2007
Balance at 1/01	**363,872**	**285,678**
Transfer	(173,240)	0
Current cost of service	70,456	85,897
Financial charges	12,507	12,141
Actuarial (gains)/losses	104,894	(1,697)
(benefits paid)	(57,845)	(18,147)
Balance at 31/12	**320,644**	**363,872**

The provision qualifies as a defined benefit plan.
The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the company's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic assumptions	Employees
Probability of death	ISTAT 2000
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of resignation	2%
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Specifically, the following assumptions were used:

Financial assumptions	2008
Cost of living increase	3.20% per year
Discount rate	4.85% per year
Increase in total compensation	Executives 2.5% White collar/ Middle managers 1.0%/Blue collar 1.0%
Increase in severance indemnity provision	3.90%

Note 16) Provision for risks and charges

Provision for risks and charges	Balance at 31/12/07	Utilization	Accrual	Balance at 31/12/08
Provision for legal risk (Laterizi dispute)	64,721	0	0	64,721
Provision for taxation	65,761	-5,724	0	60,037
Bonus provision	436,410	-436,410	288,428	288,428
Other provisions for risks and charges	75,861	0	0	75,861
Provision for Guidonia indemnities	0	0	1,914,813	1,914,813
TOTAL	**642,753**	**-442,134**	**2,203,241**	**2,403,860**

Provision for Laterizi dispute

The provision for the Laterizi dispute was made in prior years to cover potential risks stemming from lawsuits filed by customers of Centro Leonardo SpA, which was merged into IGD in 2001. The amount was accrued in order to cover any liabilities from the cases still pending.

Provision for taxation

This provision was set up to cover risks from tax assessments and to cover penalties linked to the consolidated income tax return filed for 2004.

Bonus provision

The bonus provision relates to the variable compensation accrued to employees in 2009 on the basis of the Company's estimated results in 2008. The utilization refers to the payment made in 2008.

Provision for risks and charges

This amount was set aside in previous years to cover potential liabilities from pending lawsuits with suppliers.

Provision for Guidonia indemnities

This covers risks and charges stemming from the delayed opening of the Guidonia commercial center. In May 2005 IGD signed a preliminary contract for the purchase from Euromarketing Srl of a commercial center to be built in the town of Guidonia Montecelio. The original opening date of 6 December 2008 was postponed for a number of technical reasons, including the town's announcement of a state of natural emergency, which caused delays at the construction site. On top of this, there were delays in delivering the paperwork needed to have the property declared fit for use, and leaks inside some stores that prevented them from being outfitted on time.
The decision to postpone the opening until early 2009 was inevitable, and also makes it possible to inaugurate the mall at the same time as the supermarket, which in any case could not have been opened on 6 December 2008.

However, the delayed opening exposed the company to the risk, which then materialized, of being sued by the retail operators to whom the stores in the mall had been rented. Both IGD SIIQ and the builder have been asked to pay penalties and/or damages in connection with the delay and with the water damage incurred while fitting out stores.
IGD is attempting to settle the dispute to prevent the final contracts from falling through, and above all to maintain good relations with retail operators at other malls. These efforts led immediately to several agreements, allowing a substantial reduction in the initial claims, and in keeping with the top priority which is currently to open the shopping center under the best possible conditions. With the builder, IGD has initiated a formal exchange of correspondence to determine who is responsible and therefore who should bear the cost of the delay, bearing in mind that there were several contributing factors. On the basis of the information available at year end, IGD has estimated the extent of the damages, and set up a provision as reported above.

Note 17) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/2008	31/12/2007	Change
Accrued income and prepayments	57,350	110,213	-52,863
Substitute tax for SIIQ status(due beyond one year)	18,478,330	0	18,478,330
Other liabilities	86,337	86,337	0
Total	**18,622,017**	**196,550**	**18,425,467**

The increase in liabilities is explained by the substitute tax due as a result of opting for SIIQ status and the decision to pay taxes in installments.
Related party payables are shown below:

Related party sundry payables and other non-current liabilities	31/12/08	31/12/07	Change
Parent company	8,207,241	8,207,241	0
Security deposits from Coop Adriatica	8,207,241	8,207,241	0
related parties	3,415,877	3,329,941	85,936
Security deposits from Ipercoop Tirreno SpA	3,265,877	3,179,941	85,936
Security deposits from Ipercoop Tirreno SpA	150,000	150,000	0
Total	**11,623,118**	**11,537,182**	**85,936**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. They accrue interest at going market rates.

Note 18) Current financial liabilities

Current financial liabilities	Duration	Balance 31/12/08	Balance 31/12/07	Change
Due to banks				
Banca Pop. Emilia Romagna - Hot Money		47	46	1
Banca Pop. Emilia Romagna - Sede BO	until recall	129.612	0	129.612
Ubs		0	125	(125)
Carisbo - Hot Money	04/09/2008 - 02/01/2009	10.000.000	0	10.000.000
Bnl - Bologna	22/12/2008 - 23/01/2009	15.014.699	0	15.014.699
Banco di Sicilia		0	72	(72)
Total		**25.144.358**	**243**	**25.144.115**
Mortgage loans with banks				
Banca Pop,di Verona scarl	31/05/2001 - 31/05/2011	2,916,163	2,828,217	87,946
Intesa BCI spa	31/05/2001 - 31/05/2011	2,984,154	2,867,709	116,445
Unicredit Banca Impresa/Mediocredito	05/04/2001 - 05/04/2011	2,673,397	2,680,465	(7,068)
Banca Toscana spa Casilino 1	31/12/2001 - 31/12/2015	2,563,870	2,440,328	123,542
Banca Toscana spa Casilino 2	31/12/2001 - 31/12/2013	1,677,056	1,596,246	80,810
Banca Toscana spa Livorno 1	31/12/2001 - 31/12/2013	3,406,520	3,242,375	164,145
Banca Toscana spa Livorno 2	31/12/2001 - 31/12/2013	2,934,849	2,793,431	141,418
BNL - Rimini mortgage loan	25/09/2006 - 05/10/2021	2,178,886	2,170,106	8,780
Banca Bre Mondovi' mortgage loan	23/11/2006 - 10/01/2023	1,003,535	0	1,003,535
Unipol lungo savio	31/12/2008 - 31/12/2023	400,286	0	400,286
Interbanca loan	25/09/2006 - 05/10/2021	926,458	252,639	673,819
Total		**23,665,174**	**20,871,516**	**2,793,658**
Convertible Bond	28/06/2007 - 28/12/2012	2,930,137	2,922,131	8,006
Total		**2,930,137**	**2,922,131**	**8,006**
Total current financial liabilities with third parties		**51,739,669**	**23,793,890**	**27,945,779**
Due to subsidiaries				
Millenium Gallery srl pooled account		59,691	0	59,691
Millenium Gallery srl pooled account		776,339	78,450,508	(77,674,169)
Total		**836,030**	**78,450,508**	**(77,614,478)**
Parent company				
COOP for Lungo Savio loan		47,200	0	47,200
COOP pooled account		3,110,187	3,376,341	(266,154)
Total		**3,157,387**	**3,376,341**	**(218,954)**
Total current financial liabilities with related parties		**3,993,417**	**81,826,849**	**(77,833,432)**

Most of the change in financial liabilities with third parties relates to new hot money loans and to the current portion of new mortgage loans.
This item includes the liability on the bond loan accrued at 31 December 2008 and the current portion of mortgage loans outstanding, including interest accrued.
The change in current financial liabilities with related parties is due to the balance in the pooled account with Coop Adriatica and the amount owed to subsidiaries Immobiliare Larice srl e Millenium Gallery srl.
The change with regard to the prior year is due to the decrease in the amount owed to Immobiliare Larice.

Note 19) Net debt

Net debt Amounts in euros	31/12/2008	31/12/2007
Cash and cash equivalents	(44,869,074)	(121,710,183)
Related party financial receivables and other current financial assets	(14,228,119)	(35,283,126)
Financial receivables and other current financial assets	(5,192)	(40,452,059)
Liquidity	**(59,102,385)**	**(197,445,368)**
Current financial liabilities	25,144,358	243
Convertible bond loan - current portion	2,930,137	2,922,131
Mortgage loans - current portion	23,665,174	20,871,516
Related party current financial liabilities	3,993,417	81,826,849
Current debt	**55,733,086**	**105,620,739**
Current net debt	**(3,369,299)**	**(91,824,629)**
Non-current financial assets	(9,315)	(4,700,238)
Convertible bond	205,162,753	198,910,474
Non current financial receivables owed other financial sources	23,000,000	0
Non-current financial liabilities	189,266,299	159,201,614
Non current financial debt	**417,419,737**	**353,411,850**
Net debt	**414,050,438**	**261,587,221**

Please see the directors' report for further information on net debt.

Note 20) Trade and other payables

Trade and other payables	31/12/08	31/12/07	Change
Suppliers	12,240,769	850,868	11,389,901
Total suppliers	12,240,769	850,868	11,389,901
of which: financial	*0*	*0*	*0*
Total	**12,240,769**	**850,868**	**11,389,901**

Trade payables do not charge interest and are usually settled within the following two months. Most of the change is due to an increase in amounts due to suppliers for work on the Guidonia commercial center.

Note 21) Trade and other payables with related parties

Trade and other payables with related parties	31/12/08	31/12/07	Change
Parent company	617,068	907,098	-290,030
Total parent company	**617,068**	**907,098**	**-290,030**
Subsidiaries	117,455	267,852	-150,397
Total subsidiaries	**117,455**	**267,852**	**-150,397**
Related parties			0
Robintur spa	-103	13,197	-13,300
Vignale Immobiliare spa	0	0	0
Coop Adriatica	0	0	0
Total related parties	**-103**	**13,197**	**-13,300**
of which financial institutions	*0*	*0*	*0*
Total	**734,420**	**1,188,147**	**-453,727**

See Note 35 for comments.

Note 22) Current tax liabilities

Current tax liabilities	31/12/2008	31/12/2007	Change
IRPEF	284,262	284,858	-596
Regional/municipal supplement	49	47,199	-47,150
IRAP	1	197,527	-197,526
Environmental consortium	16,545	15,015	1,530
Bologna concession	0	29,009	-29,009
Registration tax	58,310	0	58,310
Substitute tax for SIIQ status	6,805,681	0	6,805,681
Total current tax liabilities	**7,164,848**	**573,608**	**6,591,240**

This item consists mainly of employee IRPEF withholding tax and the tax substituting IRES and IRAP (due in June 2009).

Note 23) Other current liabilities

Other current liabilities	31/12/2008	31/12/2007	Change
Social security	157,160	187,675	-30,515
Accruals and deferrals	52,863	53,007	-144
Deferred revenues	1,461,312	0	1,461,312
Insurance	18,000	20,000	-2,000
Due to employees	4245,964	377,155	-131,191
Security deposits	3,656,759	900,084	2,756,675
Unclaimed dividends	1,028	0	1,028
Other liabilities	34,091	167,374	-133,283
Total other liabilities	**5,627,177**	**1,705,295**	**3,921,882**

This item refers primarily to security deposits and performance bonds paid by retail operators to secure irrevocable agreements on malls to be opened in 2009.

Other current liabilities with related parties	31/12/2008	31/12/2007	Change
Tax consolidation	229,733	0	229,733
Group VAT payable	793,734	0	793,734
Total other liabilities	**1,023,467**	**0**	**1,023,467**

The amount payable for tax consolidation refer to the option, exercised in June 2008 by Igd SIIQ spa along with the subsidiaries Immobiliare Larice s.r.l., Porta Medicea s.r.l. and MIllenium s.r.l..
The item Group VAT payable refers to amounts owed for di Immobiliare Larice s.r.l..

Note 24) Revenues

Category	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Freehold hypermarkets	**24,458,371**	**23,762,454**	**695,917**
Rent	***24,458,371***	***23,762,454***	***695,917***
Related parties	24,458,371	23,762,454	695,917
Leasehold hypermarkets	**661,694**	**3,586,125**	**-2,924,431**
Rent	***644,571***	***3,483,860***	***-2,839,289***
Related parties	644,571	3,483,860	-2,839,289
Business lease	***17,123***	***102,265***	***-85,142***
Related parties	17,123	102,265	-85,142
Freehold supermarkets	**360,560**	**354,019**	**6,541**
Rent	***360,560***	***354,019***	***6,541***
Related parties	360,560	354,019	6,541
Total hypermarkets/supermarkets	**25,480,625**	**27,702,598**	**-2,221,973**
Freehold malls	**23,686,785**	**17,457,411**	**6,229,374**
Rent	***2,218,239***	***2,458,881***	***-240,642***
Related parties	264,592	315,537	-50,945
Third parties	1,953,647	2,143,344	-189,697
Business lease	***21,468,546***	***14,998,530***	***6,470,016***
Related parties	193,014	257,179	-64,165
Third parties	21,275,532	14,741,351	6,534,181
Leasehold malls	**1,452,227**	**9,016,053**	**-7,563,826**
Rent	***155,631***	***1,041,604***	***-885,973***
Related parties	6,557	0	6,557
Third parties	149,074	1,041,604	-892,530
Business lease	***1,296,596***	***7,974,449***	***-6,677,853***
Related parties	33,461	78,111	-44,650
Third parties	1,263,135	7,896,338	-6,633,203
Other contracts	***497,664***	***690,237***	***-192,573***
Other contracts and temporary rent at leasehold malls	497,664	690,237	-192,573
Temporary rent at freehold malls	***1,060,428***	***1,102,962***	***-42,534***
Related parties	420,000	420,000	0
Third parties	640,428	682,962	-42,534
Total malls	***26,697,104***	***28,266,663***	***-1,569,559***
Grand total	**52,177,729**	**55,969,261**	**-3,791,532**
of which related parties	26,398,249	28,773,425	-2,375,176
of which third parties	25,779,480	27,195,836	-1,416,356

The decrease in revenues from leasehold malls reflects the sale of the divisions of the Nova and Piave commercial centers to the subsidiary Immobiliare Larice s.r.l..
The most significant increases came from the Mondovì commercial center following the merger of MV s.r.l. and ISTAT inflation indexing.

Note 25) Other income

Other income	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Refund of maintenance charges and other refunds	3,766	74,933	-71,167
Insurance refunds	0	36,000	-36,000
Out-of-period income (charges)	-43,817	-49,980	6,163
Commercial center management revenues	1,039,372	2,280,599	-1,241,227
Cost charge-backs	103,958	183,045	-79,087
Marketing and pilotage revenues	210,969	1,835,391	-1,624,422
Gains from disposals	30	0	30
One-off revenues	200,000	0	200,000
Miscellaneous income	0	13,870	-13,870
Total other income from third parties	**1,514,278**	**4,373,858**	**-2,859,580**
Refund of maintenance charges from related parties	47,205	17,301	29,904
Center management revenues from related parties	150,112	436,634	-286,522
Cost charge-backs with related parties	491,964	711,551	-219,587
Marketing and pilotage revenues from related parties	62,110	986,974	-924,864
Gains on disposal from related parties	0	475,072	-475,072
Administrative services with related parties	334,111	202,500	131,611
Miscellaneous income from related parties	131,795	1,188	130,607
Total other income from related parties	**1,217,297**	**2,831,220**	**-1,613,923**
TOTAL	**2,731,575**	**7,205,078**	**-4,473,503**

This item consists mainly of revenues from marketing and pilotage, center management and services provided to subsidiaries.
The change is largely due to a drop in marketing activities and the spin-off, effective 2 May 2008, of the service division to the subsidiary Immobiliare Larice s.r.l..

Note 26) Material and service costs

Material and service costs	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Material and service costs	**7,170,246**	**14,314,599**	**(7,144,353)**
Rent paid	1,908,264	9,256,607	(7,348,343)
Utilities	77,799	144,974	(67,175)
Advertisements, listings, advertising & promotions	541,016	285,731	255,285
Service	311,669	107,644	204,025
Center management fees	121,295	142,087	(20,792)
Center administration fees	296,402	351,958	(55,556)
Insurance	407,243	133,215	274,028
Directors' and statutory auditors' fees	322,345	290,827	31,518
External auditing fees	98,898	85,428	13,470
Investor relations, CONSOB, Monte Titoli costs	383,530	164,968	218,562
Recruitment, training, etc,	322,677	289,549	33,128
Travel and accommodation	203,021	174,644	28,377
Failed project costs	387,167	99,701	287,466
Guidonia launch	328,312	0	328,312
Mondovicino pilotage and variance costs	0	848,463	(848,463)
Consulting	593,821	525,292	68,529
Charge-backs	438,807	328,367	110,440
Maintenance and repairs	227,871	485,069	(257,198)
Bank fees and commissions	41,530	34,501	7,029
Other	158,579	565,574	(406,995)
Material and service costs with related parties	**3,377,915**	**3,769,514**	**(391,599)**
Rent paid	2,906,109	2,829,626	76,483
Utilities	6,364	18,362	(11,998)
Advertisements, listings, advertising & promotions	719	0	719
Service	194,691	194,972	(281)
Center administration fees	0	0	0
Insurance	0	114	(114)
Directors' and statutory auditors' fees	103,000	103,000	0
Consulting	7,003	0	7,003
Charge-backs	157,114	566,231	(409,117)
Maintenance and repairs	1,204	13,515	(12,311)
Other	1,711	43,694	(41,983)
TOTAL	**10,548,161**	**18,084,113**	**(7,535,952)**

The change is largely due to the decrease in rent for leasehold commercial centers due to the spin-off of the divisions "Centro Nova" and "Centro Piave" on 1 March 2008.

Note 27) Cost of labor

The cost of labor is detailed below:

Cost of labor	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Wages and salaries	2,890,375	2,936,641	-46,266
Social security	849,638	835,489	14,149
Severance pay	226,485	137,574	88,911
Other costs	111,676	125,526	-13,850
TOTAL	**4,078,174**	**4,035,230**	**42,944**

Severance pay includes contributions to supplementary funds in the amount of €39,446.
The workforce is broken down by category below:

Breakdown of the workforce by category	31/12/2008	31/12/2007
Executives	5	5
Middle managers	11	13
White collar	32	55
TOTAL	**48**	**73**

The decrease in personnel is due to the transfer of the “service” division personnel to the subsidiary Immobiliare Larice s.r.l.

The following table provides details of directors’ and statutory auditors’ fees for their work at the parent company and its subsidiary. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Term of office	End of term	Emoluments for office held at the reporting company
Board of directors				
Gilberto Coffari	Chairman	01/01/08-31/12/08	2008 FY appr.	25,000
Sergio Costalli	Vice Chairman	01/01/08-31/12/08	2008 FY appr.	25,000
Filippo Maria Carbonari	Chief Executive Officer	01/01/08-31/12/08	2008 FY appr.	25,000
	General Manager	01/01/08-31/12/08		237,694
	Immobiliare Larice srl	01/01/08-31/12/08	until recall	15,000
	Porta Medicea s.r.l.	18/01/08-31/12/10	2010 FY appr.	1,500
	Millennium Gallery srl	01/01/08-31/12/08	2009 FY appr.	15,000
	Winmagazine S.A.	29/04/08-31/12/08	29/10/09	
Roberto Zamboni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Fernando Pellegrini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Leonardo Caporioni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Claudio Albertini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Aristide Canosani	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Massimo Franzoni	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Riccardo Sabadini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Fabio Carpanelli	Director	01/01/08-31/12/08	2008 FY appr.	15,000
	Chairman Porta medicea	18/02/08-31/12/10	2010 FY appr.	5,000
Mauro Bini	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Francesco Gentili	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Sergio Santi	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Stefano Pozzoli	Director	01/01/08-31/12/08	2008 FY appr.	15,000
Board of statutory auditors				
Romano Conti	Pres.Collegio Sindacale	01/01/08-31/12/08	2008 FY appr.	22,500
Franco Gargani	Standing Auditor	01/01/08-31/12/08	2008 FY appr.	15,000
Roberto Chiusoli	Standing Auditor	01/01/08-31/12/08	2008 FY appr.	15,000
Internal control committee				
Massimo Franzoni	Director (Supervisor)	01/01/08-31/12/08	2008 FY appr.	12,000
Aristide Canosani	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Leonardo Caporioni	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Supervisory board				
Fabio Carpanelli	Director (Chairman)	01/01/08-31/12/08	2008 FY appr.	12,000
Francesco Gentili	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Sergio Santi	Director	01/01/08-31/12/08	2008 FY appr.	8,000
Compensation committee				
Riccardo Sabadini	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Santi	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Francesco Gentili	Director	12/05/08-31/12/08	2008 FY appr.	500 per meeting attended
Nominations committee				
Mauro Bini	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Stefano Pozzoli	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Claudio Albertini	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Executive committee				
Gilberto Coffari	Chairman	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Costalli	Vice Chairman	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Filippo Maria Carbonari	Chief Executive Officer	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Sergio Santi	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Roberto Zamboni	Director	18/09/08-31/12/08	2008 FY appr.	500 per meeting attended
Lead independent director				
Riccardo Sabadini	Director	14/02/07-31/12/08	2008 FY appr.	

Note 28) Other operating costs

Other operating costs	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Taxes	2,151,570	1,961,660	189,910
Contract registration	186,311	168,443	17,868
Capital losses	13,826	6,017	7,809
Out-of-period (income)/charges	35,351	-21,334	56,685
Membership fees	50,572	44,993	5,579
Losses on receivables	129,142	7,600	121,542
Provision for doubtful accounts	443,200	225,276	217,924
Provision for delayed Guidonia opening	1,914,813	0	1,914,813
Charges for delayed Guidonia opening	850,038	0	850,038
Fuel and tolls	123,660	123,405	255
Magazine subscriptions, office supplies, forms	100,553	95,344	5,209
Other	179,909	137,718	42,191
TOTAL	**6,178,945**	**2,749,122**	**3,429,823**

"Taxes" refer mainly to local property tax (ICI), and the increase is due to the acquisition of new malls. The provision and charges for the delayed Guidonia opening are explained in Note 16.

Note 29) Change in inventories

There were no changes in inventory at 31/12/2008.

Note 30) Change in fair value and impairment

This covers the adjustment to fair value of the investment property discussed in Note 3.

Note 31) Capital gains from the disposal of equity investments

Capital gains from equity investments	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Capital gain from the Winmagazin S.A. disposal	92,064	0	92,064
Total with third parties	**92,064**	**0**	**92,064**

The capital gain derives from the sale of a 10% interest in Winmagazin S.A. to Inpartner SpA.

Note 32) Financial income and charges

Financial income	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Bank interest income	2,273,418	4,779,325	-2,505,907
Other interest income	8,026	849	7,177
Income from current securities	0	1,120,682	-1,120,682
Total from third parties	**2,281,444**	**5,900,856**	**-3,619,412**
Interest income from related parties	1,085,798	564,895	520,903
Interest income from Coop Adriatica (formerly TCA) account	66,145	27,590	38,555
Total from related parties	**1,151,943**	**592,485**	**559,458**
Total financial income	**3,433,387**	**6,493,341**	**-3,059,954**

Interest income from banks decreased noticeably due to the use of cash to finance the Company's development. Interest income from related parties is described in Note 11.

Financial expense	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Interest expense on security deposits	332,200	276,802	55,398
Interest expense w, related parties	776,340	2,767,950	-1,991,610
Interest expense on Coop Adriatica (formerly TCA) account	19,254	168,733	-149,479
Total with related parties	**1,127,794**	**3,213,485**	**-2,085,691**
Interest expense to banks	810,784	2,127,265	-1,316,481
Other interest and charges	660,001	27,316	632,685
Mortgage loan interest	11,132,378	9,164,104	1,968,274
Charges on current securities	0	0	0
Bond interest and charges	12,010,285	6,000,642	6,009,643
IRS spreads	-1,947,141	-1,059,897	-887,244
Total with third parties	**22,666,307**	**16,259,430**	**6,406,877**
Total financial charges	**23,794,101**	**19,472,915**	**4,321,186**

The increase in financial charges is explained by the growth of net debt in support of the Company's development.
The rise in interest rates was another contributing factor, although it was mitigated by the fact that almost all non-current debt is hedged by interest rate swaps.
Net spreads on hedge derivatives have been classified here to reflect the substance of the hedging transaction, which is to stabilize the financial charge at a fixed rate.
Bond interest and charges, at €12,010,285, are made up as follows:

- interest to bondholders (2.5%) = €5,758,006
- higher financial charges due to rise in effective interest rate from 2.5% to 5.53% = €5,475,014
- higher financial charges due to use of amortized cost method = €777,265 (rate increase of 0.5%).

Note 33) Income taxes

On 16 April 2008, through notification to the Revenue Office according to the protocol established by the authorities on 28 November 2007, IGD officially opted for the SIIQ status introduced and governed by Law 296 of 27 December 2006.
Since IGD has opted for SIIQ status effective 1 January 2008, it excludes income from rental activities and the equivalent ("exempt operations") for the purposes of IRES (corporate income tax) and IRAP (regional business tax).
The share of profit generated by exempt operations is taxed directly to the shareholders upon distribution, in the form of a tax advance withheld from parties with business income and in the form of a straight tax withheld from other parties.
Each year, SIIQs are required to distribute to the shareholders at least 85% of the net profit from exempt operations.
For the purposes of SIIQ status, the fair value of properties, real property rights on properties used to earn rental income, and land owned by IGD SIIQ SpA at the close of the previous period were assessed at their fair value. The latent net capital gains were taxed at 20% to substitute for IRES and IRAP, thus satisfying the "entry tax".
The entry tax of €30,797,217 corresponds to 20% of the difference at 31 December 2007 between the fair value of investment property and the value for tax purposes.

The tax was fully expensed in 2008, but is being paid in five annual installments.

Income taxes	31/12/2008 (a)	31/12/2007 (b)	Change (a - b)
Current taxes	705,684	3,769,022	-3,063,338
Deferred tax liabilities/assets	-45,478,678	7,420,027	-52,898,705
SIIQ entry tax	30,797,217	0	30,797,217
Out-of-period income/charges	10,899	0	10,899
TOTAL	**-13,964,878**	**11,189,049**	**-25,153,927**

Current taxes amount to €705,864: €318,218 for IRAP and €387,467 for IRES. Deferred tax assets came to a negative €185,443 and deferred tax liabilities to a positive €45,664,121 due to the SIIQ election described above. More in detail, entry under special SIIQ regime had a positive impact on deferred tax assets and deferred tax liabilities of €160,280 and €47,436,751, respectively.

The impact of entry under the special SIIQ regime and the calculations used as part of the profit and asset tests for the purposes of SIIQ entry are shown below:

Income statement - exempt and taxable operations Amounts in euros	31/12/2008 Total	31/12/2008 Exempt operations	31/12/2008 Taxable operations
Total operating revenues and income	**54,909,304**	**49,037,501**	**5,871,803**
Total operating costs	**20,805,280**	**15,196,475**	**5,608,805**
EBITDA	**34,104,024**	**33,841,026**	**262,998**
(Amortization and depreciation)	(84,262)	(56,669)	(27,593)
Change in fair value - increases / (decreases)	5,669,876	0	5,669,876
EBIT	**39,689,638**	**33,784,357**	**5,905,281**
Income from equity investments	**92,064**		**92,064**
Income from equity investments	92,064	0	92,064
Financial income	**3,433,387**	**1,521**	**3,431,866**
Financial charges	**23,794,101**	**20,467,364**	**3,326,737**
Net financial income/(charges)	**(20,360,714)**	**(20,465,843)**	**105,129**
PRE TAX PROFIT	**19,420,988**	**13,318,514**	**6,102,474**
Income tax for the period	(13,964,878)	411,192	(14,376,070)
NET PROFIT FOR THE PERIOD	**33,385,866**	**12,907,322**	**20,478,544**

Profit test verification	Actual 31/12/2008
Revenues from rental or similar activities (exempt revenues) (A)	49,037,501
Total positive elements (B)	58,434,755
Profit ratio (A/B)	83.92%

Asset test verification		Actual 31 /12/ 2008
Value of freehold properties		841,780,000
Total rental properties		**841,780,000**
Real property rights		**629,358**
Assets under construction		148,956,590
Headquarters IGD SIIQ		*(2,940,880)*
Total assets under construction		**146,015,709**
Total rental properties and assets under construction	**A**	**988,425,067**
Total assets	***B***	***1,265,827,138***
Not included in the ratio:	**C**	**(73,035,217)**
Cash and cash equivalents		**(44,869,074)**
Group shareholder loans		**(14,180,810)**
Trade receivables		**(4,417,137)**
Headquarters IGD SIIQ		**(2,940,880)**
VAT credits		**(6,627,316)**
Total adjusted assets B-C=D	**D**	**1,192,791,920**
Assets ratio		***82.87%***

The reconciliation of the Company's income tax and the pre tax profit based on the current tax rate and the rate applied at 31 December 2007 and 31 December 2008 is shown below. Please note that the comparison with 2007 is irrelevant post election under the special SIIQ regime.

	31/12/2008	31/12/2007
Pre tax income	**19,420,988**	**51,637,735**
Theoretical tax (rate 27,5%)	5,340,772	17,040,453
Income as per the income statement	19,420,988	51,637,735
Increases:		
ICI	2,095,204	1,928,130
Other increases	14,524,958	7,737,526
Decreases:		
Temporary differences:		
Change in exempt income	(25,834,264)	
Amortization and depreciation	(2,295,753)	(25,477,457)
Fair value	(5,669,876)	(26,587,710)
Other sundry changes	(832,287)	(542,516)
Taxable income	**1,408,970**	**8,695,708**
Current tax for the year	***387,467***	***2,869,584***
Difference between value and cost of production	**38,097,936**	**38,029,599**
Theoretical IRAP (3,9%)	1,485,820	1,642,779
Difference between value and cost of production	**38,097,936**	**38,029,599**
Temporary differences:		
Decreases		(22,758,480)
Permanent differences:		
Increases	5,669,876	
Decreases	(2,393,215)	
Non deductible costs	2,095,204	1,091,435
Irrelevant costs for the purposes of Irap	2,901,845	4,035,230
Change in exempt income	(37,568,219)	
Other deductions	(841,236)	
Taxable income for IRAP purposes	**7,962,192**	**20,397,784**
Current IRAP for the year	***318,218***	***899,438***

Note 34) Dividends paid and proposed

IGD will propose a dividend on the basis of the separate financial statements of the parent company for the year ended 31 December 2008, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 23 April 2008 (the Shareholders' Meeting that approved the 2007 financial statements), a dividend of €0.056 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €16,776,021.

Note 35) Information on related parties

IGD S.p.A., the Parent Company, owns 100% of Immobiliare Larice S.r.l, NIkefin Asti s.r.l., Millennium Gallery s.r.l., 52% of Consorzio dei Proprietari Centro Leonardo and 75.79% of Consorzio Forte di Brondolo.
Below is the information required by paragraph 17 of IAS 24.

Information on related parties	Receivables and other current assets	Payables and other liabilities	Revenues - other income - financial income	Costs and financial charges	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica scarl	163,216	11,981,696	19,984,701	3,418,614	18,049,184	-32,538,286
Robintur spa	887	-103	169,771	7,935		-
Librerie,Coop spa	12,036	-	226,475	-		-
Unicoop Tirreno scarl	23,361	-	4,158,991	63,000		-
Vignale Immobiliare spa	17	150,000	74,427	296		-
Vignale Comunicazione srl	-	-	420,000	-		-
Ipercoop Tirreno spa	20,629	3,265,877	2,007,841	85,935		-
Immobiliare Larice srl	7,154,453	1,716,360	855,887	736,277	35,784,250	-2,589,225
Millennium Gallery srl	177,591	101,102	240,591	-	-	
Porta Medicea srl	30,000	52,700	89,111	-	7,687,400	-6,000,000
Nikefin Asti srl	6,979,530	-	9,182	-	-	
RGD	36,000	-	412,663	-		-53,550
Cons,Forte di Brondolo	3,434	76,447	1,571	-	214,345	
Consorzio Proprietari Leonardo	15,454	30,344	68,708	163,856	5,707	-12,838
Sc Win Magazin	91,791	-	88,441	-		-
Total	**14,708,398**	**17,374,422**	**28,808,359**	**4,475,912**	**61,740,886**	**-41,193,899**
Total reported	**72,059,772**	**542,472,570**	**58,434,755**	**44,599,381**	**1,193,767,366**	**1,193,767,366**
Ratio	**20.41%**	**3.20%**	**49.30%**	**10.04%**	**5.17%**	**-3.45%**

IGD has financial and economic relationships with its Parent Company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur SpA and Librerie Coop SpA), and with companies in the Unicoop Tirreno Group (Vignale Immobiliare, Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno). Related party transactions are conducted under arm's-length conditions and are recognized at face value.
Transactions with the controlling company Coop Adriatica refer to:

- assets and income for the leasing of properties used as hypermarkets;
- liabilities and costs for the use of buildings as malls under leases held by Coop Adriatica;
- liabilities and costs for Coop Adriatica's supply of services in the following areas: equity, payroll and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- financial collection and payment transactions in the context of treasury services.

Financial transactions with the Parent Company are conducted under arm's-length conditions and are recognized at face value.

Transactions with Robintur SpA concern the leasing of store space at malls and the supply of services.
Transactions with Vignale Immobiliare refer to security deposits received on leases.
Transactions with Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Librerie Coop SpA concern receivables and income for the leasing of properties inside commercial centers.

Note 36) Management of financial risk

The Company's financial instruments other than derivatives include bank loans and sight/short-term deposits. Such instruments are used to finance IGD's operations. The Company has other financial instruments as well, such as trade payables and receivables, which derive from its operating activities. It has also engaged in interest rate derivatives. The purpose of these is to manage the interest rate risk generated by the Company's transactions and sources of financing. The main risks produced by IGD's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies to manage these risks, as summarized below. The Company also monitors the market price risk generated by financial instruments. The accounting standards for hedge derivatives are mentioned in the following note.

Interest rate risk

IGD's exposure to market risk due to changes in interest rates concern its long-term loans with banks, whose conditions and maturities are reported in Note 14. To manage this risk efficiently, the Company purchases interest rate swaps with which it agrees to exchange, at specific intervals, the difference between fixed-rate interest and floating-rate interest calculated on a predefined notional principal amount. The swaps are designed to hedge the underlying obligations.

Foreign exchange risk

IGD uses the €as its accounting currency for all purchases and sales.

Price risk

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

Credit risk

The Company only deals with well-known, reliable customers and about 51% of its core revenues are earned from related parties.

Capital management

The primary objective of IGD's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value.
The Company manages the capital structure and adapts it to changing economic conditions. To maintain or adapt the capital structure, it can adjust the level of dividends paid, reimburse share capital, or issue new shares.
No changes were made to objectives, policies or procedures in 2007 and 2008.
IGD monitors its financial solidity by means of the debt-to-equity ratio, which compares net debt to total equity plus net debt. In net debt it includes interest-bearing loans and trade and other payables, net of cash and cash equivalents. Equity includes the capital attributable to the shareholders of the parent company, less retained earnings.

Capital management	31/12/2008	31/12/2007
Interest bearing loans	473,162,138	463,732,827
Trade and other payables	19,625,833	3,744,310
Cash and cash equivalents	-59,102,385	-197,445,368
Net debt	433,685,586	270,031,769
Net equity	723,354,568	727,363,476
Undistributed net profit	-10,439,544	-16,776,021
Total capital	712,915,024	710,587,455
Capital and net debt	**1,146,600,610**	**980,619,224**
Debt/equity ratio	*37.82%*	*27.54%*

Note 37) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads.
The contracts are detailed below:

Contracts details	UBM 4°	UBM 5°	UBM 6°	Monte Paschi Finance 1	Monte Paschi Finance 2	Monte Paschi Finance 3	Monte Paschi Finance 4
Nominal amount	6,455,711	7,691,087	7,208,507	35,083,743	20,914,788	9,278,372	24,307,692
Date initiated	05/10/2004	31/05/2005	31/05/2005	31/12/2004	31/12/2004	31/12/2004	06/10/2006
Maturity	05/04/2011	31/05/2011	31/05/2011	31/12/2013	31/12/2015	31/12/2013	06/10/2016
IRS frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Quarterly
Bank rate	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	3-month Euribor
Customer rate	3.35%	3.10%	3.10%	3.20%	3.39%	3.23%	3.84%

Note 38) Subsequent events

At the date of approval, no events following the balance sheet date had occurred that would require the company to adjust the figures in the financial statements or report elements not previously disclosed.

Note 39) Commitments and risks

At 31 December 2008 the Company had the following purchase and sale commitments:

- preliminary agreement for the acquisition from an unrelated party of a commercial center in Guidonia (53,000 square meters GLA), total price €106.0 million, of which €23 million provided as a down payment;
- preliminary agreement for the acquisition from an unrelated party of a mall (14,919 square meters GLA) in the Gravina quarter of Catania; price €55 million, largely paid in the form of down payments and advances as the center is nearing completion;
- preliminary agreement for the acquisition from an unrelated party of a mall (14,000 square meters GLA) in Palermo; price €46,9 million, of which €13.8 million already provided as down payment and advances;
- preliminary agreement for the purchase of a mall in Peschiera Borromeo (province of Milan). The investment comes to €80 million. The company that

builds the commercial center, once the start-up phase is over, will be owned 15% by IGD so it can participate in and coordinate the development phase. A down payment of €1.5 million was made when the agreement was signed;

- preliminary agreement for the purchase of a mall in Vigevano. The provisional price is €43.7 million, of which €15 million provided as a down payment;
- agreement for a joint venture with Gam (a member of the Despar Italia Group), an unrelated party that develops and manages commercial centers in southern Italy. The new company will own a commercial center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. The agreement gives IGD the option, once the start-up phase is over and by the end of 2009, to acquire a 50% interest in the company that owns Centro Commerciale di Vibo (with an estimated value of €70 million). This can take place through the subscription of a private capital increase of up to €70 million, should new development opportunities arise in the area of interest, or through the outright purchase of a stake;
- a preliminary agreement signed at the end of May for the acquisition of a mall in Gorizia; €7.35 million has been provided as a down payment. This project involves the construction of a hypermarket with attached mall of around 14,300 square meters GLA. IGD's investment is limited to the mall, for a price of €49 million. The center is scheduled to open during the first half of 2011;
- preliminary agreement for the purchase from a related party (Porta Medicea Srl) of the retail section of the Centro Multifunzionale in Livorno, for approximately €77 million;
- a preliminary agreement signed at the end of July for the purchase of IGD SIIQ SpA's new headquarters; €2.9 million has been provided as a down payment, backed by a surety. The total amount of the investment is €7.35 million.

The advances and down payments made by the Company are backed by sureties.

Note 40) Tax litigation

In 2008 the Emilia Romagna branch of the Revenue Office initiated a general audit of IGD SIIQ SpA for tax year 2005. The audit concerned compliance with tax laws for the purposes of direct taxes, VAT and other taxes.
The audit report concluding the process was provided on 11 September 2008 without significant findings, except for a recommendation to pay registration tax on four unregistered preliminary contracts subject to VAT, for approximately €170 thousand including penalties and interest, and to revalue closing inventories for about €645 thousand.
From an analysis of the grounds stated in the report, it appears that the tax authorities' claims could be contested at the administrative or litigative level.
As far as the registration tax is concerned, the company paid the amount required and immediately filed for a refund, on the reasoning that the definitive contracts were subject to VAT, so taxation of the down payment at the proportional rate of 0.50%, as required by the tax authorities, violates the principle that either VAT or registration tax is due, pursuant to Art. 40 of Presidential Decree 131/86. Thus, the registration tax constitutes double taxation and should not have been paid.
As for the valuation of inventories, the company is filing a response stating that the finding stems from an incorrect interpretation of the type of contract (sale of a future asset, rather than a commissioned job), whose proper classification subjects it to a different set of tax rules.
A contract for the sale of a future asset is subject to Art. 92 of the Tax Code ("change in inventories"), which is the rule IGD followed, and not to Art. 93 ("works, supplies and services of more than one year's duration"), which applies to commissioned jobs.

Note 41) IFRS 7 - "Financial instruments: disclosures"

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:
- Financial assets measured at fair value through profit and loss: at 31 December 2008 the Company had no financial instruments in this category.
- Held to maturity investments: the Company has no financial instruments belonging to this category;
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment);
- Available-for-sale financial assets: the company has no financial instruments belonging to this category.

There are only two categories of financial liability:
- Financial liabilities measured at fair value charged to the income statement;
- Financial liabilities measured at amortized cost.

Balance sheet items

The Company's financial instruments are included in the balance sheet as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The balance sheet items are classified below according to the categories required by IAS 39 at 31 December 2008 and 31 December 2007:

Classification 31/12/2008	Book value										
	Financial assets/ liabilities at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non current	Fair value
ASSETS											
'Misc receivables and other assets											
- equity investments			193,506,540					193,506,540		193,506,540	193,506,540
- down payments for purchase of quotas			5,480,000					5,480,000		5,480,000	5,480,000
- due from others			3					3		3	3
- security deposits			23,401					23,401		23,401	23,401
- real property rights			629,358					629,358		629,358	629,358
Financial assets							**9,315**	**9,315**		**9,315**	**9,315**
Trade and other receivables											
- trade receivables			3,966,686					3,966,686	3,966,686		3,966,686
- due fr others											
- other receivables											
- supplier advances											
Trade and other receivables fr related parties											
- fr parent company			86,079					86,079	86,079		86,079
- fr subsidiaries			307,442					307,442	307,442		307,442
- fr related parties			56,930					56,930	56,930		56,930
'Other assets											
- monthly advances								0	0		0
- insurance credits			2,000					2,000	2,000		2,000
- accrued income and prepaid expenses			120,436					120,436	120,436		120,436
- suspended costs			515,422					515,422	515,422		515,422
- other			82,524					82,524	82,524		82,524
Financial receivables and other financial assets											
- other financial assets			5,192					5,192	5,192		40,452,060
- fr related parties			47,309					47,309	47,309		47,309
- fr subsidiaries			14,180,810					14,180,810	14,180,810		14,180,810
- accrued financial income								0			0
Cash and cash equivalents											
- bank and post office accounts			44,842,893					44,842,893	44,842,893		44,842,893
- cash			26,181					26,181	26,181		26,181
Total financial assets	-	-	**263,879,206**	-	-	-	**9,315**	**263,888,521**	**64,239,904**	**199,648,617**	**263,888,521**
LIABILITIES											
Financial liabilities											
- IRS							1,059,309	1,059,309		1,059,309	1,059,309
- bank payables			25,144,358					25,144,358	25,144,358		25,144,358
- amounts owed other sources of finance			23,000,000					23,000,000		23,000,000	22,469,597
- convertible bond						208,092,890		208,092,890	2,930,137	205,162,753	191,589,383
- amts owed banks for mortgage loans						211,872,164		211,872,164	23,665,174	188,206,990	204,091,493
Financial liabilities w related parties											
- amts owed subsidiaries			836,030					836,030	836,030		836,030
- amts owed associate (TCA)			3,157,387					3,157,387	3,157,387		3,157,387
'Misc payables and other liabilities											
- accruals and deferrals						57,350		57,350		57,350	57,350
- deposits											
- other liabilities						86,337		86,337		86,337	86,337
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207,241		8,207,241		8,207,241	8,207,241
- amts owed related parties						3,415,877		3,415,877		3,415,877	3,415,877
Trade and other payables						**12,240,769**		**12,240,769**	**12,240,769**		**12,240,769**
Trade and other payables w related parties											
- amts owed parent company						617,068		617,068	617,068		617,068
- amts owed related parties						117,455		117,455	117,455		117,455
- amts owed subsidiaries						-103		-103	-103		-103
Other liabilities											
- accruals and deferrals			52,863					52,863	52,863		52,863
- insurance			18,000			20,000		18,000	18,000		18,000
- guarantees			3,656,759			900,084		3,656,759	3,656,759		3,656,759
- suspended revenues			1,461,311					1,461,311	1,461,311		1,461,311
- amts owed directors			12,000					12,000	12,000		12,000
- amts owed shareholders for dividends			1,028					1,028	1,028		1,028
- other liabilities			22,092			167,376		22,092	22,092		22,092
Other liabilities w. related parties											
Total financial liabilities	-	-	**57,361,828**	-	-	**445,794,508**	**1,059,309**	**503,128,185**	**73,932,328**	**429,195,857**	**478,313,604**

Classification 31/12/2007	Book value										
	Financial assets/ liabilities at fair value	Held for trading financial assets/liabil ities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non current	Fair value
ASSETS											
'Misc receivables and other assets											
- equity investments			219,694,140					219,694,140		219,694,140	219,694,140
- down payments for purchase of quotas			17,980,000					17,980,000		17,980,000	17,980,000
- due from others			1,346					1,346		1,346	1,346
- security deposits			24,050					24,050		24,050	24,050
Financial assets							**4,700,238**	**4,700,238**		**4,700,238**	**4,700,238**
Trade and other receivables											
- trade receivables			5,763,039					5,763,039	5,763,039		5,763,039
- due fr others											
- other receivables											
- supplier advances											
Trade and other receivables fr related parties											
- fr parent company			83,372					83,372	83,372		83,372
- fr subsidiaries			1,139,430					1,139,430	1,139,430		1,139,430
- fr related parties			42,432					42,432	42,432		42,432
'Other assets											
- monthly advances			46,782					46,782	46,782		46,782
- insurance credits			96,000					96,000	96,000		96,000
- accrued income and prepaid expenses			135,995					135,995	135,995		135,995
- other			864,086					864,086	864,086		864,086
Financial receivables and other financial assets											
- UBS securities Trend Accrual Bill			40,452,060					40,452,060	40,452,060		40,452,060
- fr related parties			16,405					16,405	16,405		16,405
- fr subsidiaries			35,266,721					35,266,721	35,266,721		35,266,721
- accrued financial income								0			0
Cash and cash equivalents											
- bank and post office accounts			121,642,134					121,642,134	121,642,134		121,642,134
- cash			68,049					68,049	68,049		68,049
Total financial assets	-		**443,316,041**	-	-	-	**4,700,238**	**448,016,279**	**205,616,505**	**242,399,774**	**448,016,279**
LIABILITIES											
Financial liabilities											
- IRS											
- bank payables								243	243		243
- convertible bond						201,832,605		201,832,605	2,922,131	198,910,474	180,125,868
- amts owed banks for mortgage loans						180,073,130		180,073,130	20,871,516	159,201,614	174,660,157
Financial liabilities w related parties											
- amts owed subsidiaries						78,450,508		78,450,508	78,450,508		78,450,508
- amts owed associate (TCA)						3,376,341		3,376,341	3,376,341		3,376,341
'Misc payables and other liabilities											
- accruals and deferrals						110,213		110,213		110,213	110,213
- deposits											
- other liabilities						86,337		86,337		86,337	86,337
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207,241		8,207,241		8,207,241	8,207,241
- amts owed related parties						3,329,942		3,329,942		3,329,942	3,329,942
Trade and other payables						**850,868**		**850,868**	**850,868**		**850,868**
Trade and other payables w related parties											
- amts owed parent company						907,098		907,098	907,098		907,098
- amts owed related parties						267,852		267,852	267,852		267,852
- amts owed subsidiaries						13,197		13,197	13,197		13,197
Other liabilities											
- accruals and deferrals						53,007		53,007	53,007		53,007
- insurance						20,000		20,000	20,000		20,000
- guarantees						900,084		900,084	900,084		900,084
- other liabilities						167,376		167,376	167,376		167,376
Other liabilities w. related parties											
Total financial liabilities	-		-	-	-	**478,645,799**	-	**478,646,042**	**108,800,221**	**369,845,821**	**451,526,332**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.
To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
The methods of determining the fair value of financial instruments, for accounting or disclosure purposes, are summarized below for the main categories of instrument:

- Derivatives: pricing models based on market interest rates and, if applicable, exchange rates;
- Receivables and payables and unlisted financial assets: discounted cash flow method for financial instruments maturing beyond one year;
- Listed financial instruments: market value at the reporting date.

The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2008 a credit spread of 1.50% was applied. At 31 December 2007 the credit spread used was 1%.

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral pledged	Book value 31/12/08	Book value 31/12/07	Amount guaranteed	Expiration	Conterparty
Security depostis					
- Misc receivables and other assets	23,401	24,050			
- Other current assets	5,192				

The following table shows the impairment of trade receivables:

Impairmen	Impairment of trade receivables	
	31/12/08	31/12/07
Opening balance	**2,436,609**	**2,252,402**
Transfers		0
Impairment		
- individual impairment	466,048	225,276
Utilization in the year	-740,456	-41,069
Writebacks		
Other movements		
Total	**2,162,201**	**2,436,609**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged and credited to equity came to €915,058 in 2007 and to a negative €4,178,672 in 2008.

Gains and losses from financial instruments

Income statement 31/12/08	Book value						
	Financial assets/liabilities valued at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							1,947,141
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			-466,048				
Total	-	-	**-466,048**	-	-	-	**1,947,141**
31/12/2007							
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							1,059,897
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables		1,120,514					
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			225,276				
Total	-	**1,120,514**	**225,276**	-	-	-	**1,059,897**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	31/12/08	31/12/07
Interest income fr financial assets not measured at fair value		
- Deposits	2,281,445	4,780,288
- Misc receivables and other assets		
- Amts due fr associates (TCA)	66,145	27,590
- Amts due fr subsidiaries	1,085,798	564,895

Interest payable	31/12/08	31/12/07
Interest payable on financial assets not measured at fair value		
- Security deposits	332,200	276,795
- Deposits	810,784	2,127,265
- Trade and other payables		
- Other amts owed and liabilities		
- Amts owed associates (TCA)	19,254	168,733
- Amts owed subsidiaries	776,340	2,767,950
- Financial liabilities		
- Convertible Bond	12,010,285	6,000,642
- Mortgage loans	11,132,378	9,164,104

Credit risk

The maximum credit risk on the Company's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although on the balance sheet they are included under "financial assets."

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	31/12/08	31/12/07
Receivables and loans		
Misc receivables and other assets	5,503,404	18,005,396
Trade and other receivables	3,966,686	5,763,039
Trade and other receivables fr related parties	450,451	1,265,234
Other assets	122,436	278,777
Cash and cash equivalents	44,842,893	121,642,134
Financial receivables and other financial assets	14,228,119	35,283,126
Amts owed fr third parties (securities)	5,192	40,452,060
Hedging instruments	**9,315**	**4,700,238**
Guarantees		
Total	**69,128,496**	**227,390,004**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a positive fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2008	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Liabilities								
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	1,929,231	0	12,674,223	14,000,911	34,532,470	85,280,068	110,365,963	258,782,866
Convertible Bond	0	0	5,829,861	0	5,829,861	241,659,722	0	253,319,444
Amts owed other sources of finance	0	208,564	213,934	339,618	757,047	23,939,461	0	25,458,624
S/T credit lines			107,940	777,357	252,534			1,137,831
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**1,929,231**	**208,564**	**18,825,957**	**15,117,886**	**41,371,913**	**350,879,251**	**110,365,963**	**538,698,766**
Derivative financial instruments								
Interest rate swaps								
- sources of cash flow	331,098	0	1,650,353	1,574,494	1,812,652	5,069,116	1,865,872	12,303,584
- uses of cash flow	-238,539	0	-1,642,780	-1,734,113	-2,917,460	-5,048,682	-1,756,371	-13,337,946
Total	**92,558**	**0**	**7,573**	**-159,619**	**-1,104,808**	**20,433**	**109,500**	**-1,034,362**
Exposure at 31/12/2008	*2,021,790*	*208,564*	*18,833,530*	*14,958,267*	*40,267,106*	*350,899,685*	*110,475,463*	*537,664,404*

Maturity analysis at 31/12/2007	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Liabilities								
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	1,510,869		13,240,581	13,159,689	27,942,046	82,442,973	88,508,160	226,804,317
Convertible Bond			5,829,861		5,829,861	247,489,583		259,149,306
S/T credit lines								
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**1,510,869**	**0**	**19,070,442**	**13,159,689**	**33,771,907**	**329,932,556**	**88,508,160**	**485,953,623**
Derivative financial instruments								
Interest rate swaps								
- sources of cash flow	315,681	0	2,806,139	2,871,810	4,466,487	8,984,184	3,460,233	22,904,535
- uses of cash flow	-253,867	0	-1,968,915	-2,068,223	-3,615,553	-6,972,633	-2,748,303	-17,627,494
Total	**61,814**	**0**	**837,224**	**803,587**	**850,934**	**2,011,551**	**711,930**	**5,277,040**
Exposure at 31/12/2007	*1,572,683*	*0*	*19,907,666*	*13,963,276*	*34,622,841*	*331,944,107*	*89,220,090*	*491,230,663*

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Company's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Company's financial liabilities.
Floating-rate instruments expose the IGD to interest rate risks on cash flows, while fixed-rate instruments expose the IGD to interest rate risk on fair value.
The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - exposure and sensitivity analysis	Reference benchmark	Income statement				Coverage reserve			
		Shock up		Shock down		Shock up		Shock down	
		31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
Interest bearing assets		224,214.47	691,191.24	-224,214.47	-691,191.24				
Hot money		-129,166.67	0	129,166.67	0				
Floating rate financial liabilities in cash flow hedge	Euribor	-1,386,636.88	-1,311,320.00	1,386,636.88	1,311,320.00				
Floating rate financial liabilities not in cash flow hedge	Euribor	-750,000.00	-500,000.00	750,000.00	500,000.00				
Hedging instruments (cash flow hedge)	Euribor	1,109,399.99	1,310,149.29	-1,109,399.99	-1,310,149.29	2,805,671.23	3,911,314.94	-3,108,697.77	-4,148,915.64
Total		**-932,189.09**	**190,021.00**	**932,189.09**	**-190,021.00**	**2,805,671.23**	**3,911,314.94**	**-3,108,697.77**	**-4,148,915.64**

The assumptions underlying the sensitivity analysis are as follows:
medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial parallel shift in the interest rate curve was assumed to be ±100 basis points ;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant;
- for the sake of comparison, the same measurement was conducted on 2008 and 2007.

The method used to analyze and determine significant variables did not change since the previous year.

3.3 | Management and coordination

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company. Pursuant to paragraph 4 of Article 2497 bis of the Italian Civil Code, key figures from the latest
approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	FY 2007	FY 2006
Balance sheet (ex art. 2424 italian civil code)		
Assets		
A) – shareholders' share capital account		0
B) – fixed assets	966,199,236	820,057,007
C) – working capital	1,878,700,339	2,024,698,970
D) – accrued income and prepaid expenses	4,053,366	9,451,054
Total assets	**2,848,952,940**	**2,854,207,031**
Liabilities		
A) – net equity	676,169,288	665,487,686
B) – provisions for risks and charges	35,333,996	29,226,138
C) – employee severance reserve	77,933,303	78,736,469
D) – payables	2,051,313,429	2,072,806,815
E) – accrued liabilities and deferred income	8,202,924	7,949,923
Total liabilities and net equity	**2,848,952,940**	**2,854,207,031**
Memorandum accounts	**496,975,415**	**366,262,373**
Income statement (ex art. 2424 italian civil code)		
A) - value of production	1,789,212,834	1,717,909,258
B) - production costs	-1,784,384,530	-1,701,414,042
C) - financial income and charges	40,318,249	41,884,539
D) writedowsn of financial assets	-14,528,798	-2,235,798
E) extraordinary income and charges	206,749	4,764,464
Income tax for the year	-14,486,449	-15,515,221
Profit/(loss) for the year	**16,338,055**	**45,393,199**

3.4 | Information pursuant to Art. 149-*duodecies* of Consob's Regulations for Issuers

In compliance with Art. 149-*duodecies* of the Consob's Regulations for Issuers, the fees paid to the external auditors for financial audit and services other than financial audit rendered by the firm and other group firms in 2008 are shown below.

Amounts in thousands of euros	Provider	Recipient	Fess paid in FY 2008
Financial audit	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	98,898.00
TOTAL			**98,898.00**

3.5 | Certification of the Separate Financial Statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB REGULATION N. 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Filippo-Maria Carbonari – Chief Executive Officer – and Grazia Margherita Piolanti – Financial Reporting Officer for IGD SIIQ S.p.A. - attest, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis of Decree 58 dated 24 February 1998 that the accounting and administrative processes for preparing the seperate financial statements during 2008:

- are adequate in relation to the enterprise's characteristics and
- have been effectively applied.

2. It is also certified that

2.1. the separate financial statements at 31 December 2008:

a) have been prepared in accordance with the international financial reporting and accounting standards issued by the International Accounting Standards Board adopted by the European Union and, based on our knowledge, are able to provide a true and fair view of the issuer's balance sheet, results of operations and financial position and of all the companies included in the consolidation;
b) correspond to the underlying accounting records and books of account;
c) provide a true and fair view of the issuer's balance sheet, results of operations and financial position.

2.2 The directors' report on operations contains an accurate analysis of the performance and operating results as well as the issuer's standing, along with a description of the principal risks and uncertainties to which the company is exposed.

12 March 2008

Chief Executive Officer	**Financial Reporting Officer**
Filippo-Maria Carbonari	*Grazia Margherita Piolanti*

3.6 Independent Auditors' report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 4, 2008.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. for the year then ended.

4. As required by the law, the Company included in the explanatory notes of the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2008, does not cover such selected data.

5. The management of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC)

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.402.500,00 i.v.
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and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2008.

Bologna, March 30, 2009

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

3.7 Statutory auditors' report

Statutory auditors' report to the Annual General Meeting of IGD Immobiliare Grande Distribuzione Società di investimento immobiliare quotata (SIIQ) S.p.A. pursuant to Art. 153 of Legislative Decree 58/1998 and Art. 2429 of the Italian Civil Code

Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.
Via Agro Pontino 13, 48100
Ravenna, Italy
REA 88573 Company Register no. 00397420399
Share capital: €309,249,261.00 fully paid-in
Company subject to the direction and control of Coop Adriatica s.c.r.l.

To the Shareholders of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., we would first like to remind you that:

- *Art. 153 of Legislative Decree 58 of 24 February 1998 requires the Board of Statutory Auditors to report to the general meeting called to approve the year-end financial statements on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct, and allows it to make recommendations concerning the financial statements, their approval, and all matters under the board's responsibility.*
  We therefore present this report, which also complies with Art. 2429 (2) of the Italian Civil Code.

From the date of our appointment through the preparation of this report, we have proceeded with the control and supervisory activities assigned to us by law. These activities have been carried out in compliance with the "Standards of conduct for the Board of Statutory Auditors" recommended by the Italian Accounting Profession and with other instructions issued by CONSOB (the stock market regulator) on the subject of corporate control. During the year the Board of Statutory Auditors received the information necessary to fulfill its duties through meetings with corporate bodies; at meetings of the Board of Directors which the Statutory Auditors always attended; through the exchange of information with the external auditors Reconta Ernst & Young S.p.A. and the Internal Audit division; and by attending the meetings of the Internal Control Committee and the Supervisory Board.

During the year, in a timely manner, the Board of Directors informed us of the activities of the company, of those transactions with a major impact on its balance sheet, income statement and financial position, of those transactions presenting a potential conflict of interest (specifically intercompany transactions or transactions with related parties other than group companies), of any unusual or atypical transactions and any other activity or transaction which was deemed necessary to include in this report.
More specifically, this report describes our activities in accordance with instructions issued by CONSOB. As was the case in last year's report, we have therefore followed the format and numbering specified in the relevant CONSOB bulletin.

1. DESCRIPTION OF TRANSACTIONS WITH A MAJOR IMPACT ON THE COMPANY'S BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION

On the basis of the information received and on our analyses and verifications, the following were singled out as the transactions with a major impact on the company's balance sheet, income statement and financial position, carried out either directly or through direct/indirect affiliates:

Corporate actions

- January 2008: the general meeting of shareholders authorized the Board of Directors to purchase up to 30,924,926 of the company's ordinary shares (10% of the share capital) in one or more installments, for a period of 18 months.
  Subsequently, the Board of Directors approved a buy-back plan for up to 20,101,200 ordinary shares (6.5% of the share capital) at a maximum cost of €56 million, also setting limits on the price per share and the maximum number of trades per day.
- April 2008: as instructed by the Board of Directors, the company opted for the special tax status offered under Law 296 of 27 December 2006, which introduced SIIQs (similar to REITs) to Italian law.
- October 2008: the subsidiary M.V. Srl was merged into IGD SIIQ SpA. The merger took effect for legal purposes

on 3 November 2008, while for tax and financial statement purposes only, it is effective retroactively to 1 January 2008.

Real estate transactions

- March 2008: the subsidiary Società Porta Medicea Srl, held 80%, signed the purchase and sale contract for the land and buildings covered by previous agreements assumed earlier by the parent company. At the same time, IGD SIIQ signed a preliminary contract with Porta Medicea Srl for the purchase of the commercial center to be built on the subsidiary's land.
- April 2008: RGD Srl, held jointly with Beni Stabili SpA, acquired through vehicle companies the commercial center "Le Fornaci" in Beinasco (TO). It also plans to acquire other commercial properties currently under renovation. IGD and Beni Stabili formed "RGD Gestioni Srl" to manage commercial centers.
- April 2008: IGD acquired a majority interest in Win Magazin SA, which owns retail and office buildings in the major cities of Romania. The deal was carried out together with an Italian company, Inpartner SpA, which owns the remaining 10% of the share capital. IGD also acquired full possession of Winmarkt Management Srl, which manages and provides services to the Romanian commercial centers.
- May 2008: A preliminary contract was signed for the purchase of a mall in Gorizia. The building is scheduled for completion in the first half of 2011.
- July 2008: a preliminary contract was signed for the acquisition of a portion of a building in Bologna, where the Group plans to transfer its headquarters.
- November 2008: the preliminary contract with the company "Le Alte" for the purchase of the Spilamberto retail park in the province of Modena was canceled, as the seller was unable to obtain permits in accordance with the original agreements.
- December 2008: IGD signed a contract for the purchase of land in Conegliano Veneto where a retail park will be built. At the same time, the parent company Coop Adriatica Scarl was designated to buy an additional plot of land for construction of the entire commercial center, leaving IGD with a right of pre-emption on the mall portion only once the center is opened.
- December 2008: the parent company Coop Adriatica Scarl acquired the Lungo Savio mall in the province of Forlì-Cesena.
- December 2008: IGD acquired Nikefin Srl, which is building a shopping center and retail park in the town of Isola d'Asti.
- December 2008: a property complex used for retail stores and offices was purchased at the Gran Rondò commercial center in Crema.

The Board of Statutory Auditors, to the extent of its responsibility, has verified that the transactions described above were conducted in compliance with the law, the by-laws and the standards of proper and correct administration and that said transactions were not manifestly imprudent or hazardous, in violation of shareholder or Board of Director resolutions, or liable to compromise the company's financial soundness.

2. UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING TRANSACTIONS WITH OTHER GROUP COMPANIES AND RELATED PARTIES

The Board of Statutory Auditors found that no unusual or atypical transactions were carried out in 2008 or up to this writing, with third or related parties (including group companies).
Ordinary intercompany and related party transactions were conducted under normal market conditions, and are described in the Directors' Report in terms of both type and financial and economic impact. Significant related party transactions are governed by the "Standards of conduct for transactions with related parties" approved by the Board of Directors on 14 February 2007.
When considered necessary the Board of Directors passed specific resolutions in relation to intercompany and/or related party transactions which, if deemed opportune, were subject to approval by the Internal Control Committee who obtained opinions from independent experts if the transaction was of a significant size or the market value was not overly clear.
As part of its controls, the Board of Statutory Auditors valued the above-mentioned transactions based on the amounts and business practices held to be in the company's best interest. We view the methodology used as trustworthy and believe it provides timely and complete information.

3. EVALUATION OF THE INFORMATION PROVIDED BY THE DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTERCOMPANY AND RELATED PARTY TRANSACTIONS

In 2008 the directors periodically provided adequate and complete information about their activities, transactions with a significant impact on the business and on operations, and transactions with other group companies and/or related parties. They declared that no unusual and/or atypical transactions with third parties or other group companies had occurred, as defined in the CONSOB Bulletin of 28 July 2006.

4. REPORT OF THE EXTERNAL AUDITORS

The financial audit reports issued by the external auditors did not contain any qualifications or complaints regarding the quality and completeness of information, or any reservations, complaints or observations regarding specific shortcomings or problems with internal control and

administrative procedures that might substantively affect the reliability, fairness and completeness of the information and figures examined during the financial audit.
On 30 March 2009 the external auditors, Reconta Ernst & Young SpA, issued their report pursuant to Art. 156 of Legislative Decree 58/1998 which provides a positive opinion of the parent company and consolidated financial statements, confirming that these documents were prepared in compliance with the law and generally accepted accounting standards and that they correctly and truthfully represent the company's financial position and performance.
The external auditors' report, annexed to the financial statements, does not contain any specific disclosures or complaints regarding the quality or correctness of the information provided. Nor does it contain any observations and/or complaints about the nature of the information, or reservations as to the reliability of the bookkeeping and/or accounting system, which appear to be adequate and to meet the company's needs.

5. INAPPROPRIATE CONDUCT AND ACTIONS TAKEN UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE

In 2008 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

6. COMPLAINTS RECEIVED AND ACTIONS TAKEN

In 2008 and up to this writing, the Board of Statutory Auditors did not receive any complaints from shareholders; nor is it aware that the company received any complaints from shareholders and/or third parties, hence no actions were taken in this regard.

7. ADDITIONAL ASSIGNMENTS GRANTED TO THE EXTERNAL AUDITORS AND THEIR COSTS

Please note that on 23 April 2007, as per our favorable opinion, the shareholders renewed the assignment granted to Reconta Ernst & Young SpA for accounting control pursuant to Art. 2409 bis of the Italian Civil Code and for the ongoing audit of the parent company and consolidated financial statements in accordance with Art. 156 of Legislative Decree 58/1998. Reconta Ernst & Young was also assigned to the limited audit of the half-yearly reports for the period 2007-2012. The fees paid for these activities in 2008 amounted to €98.9 thousand, including expenses and Consob charges.
No other compensation was paid to Reconta Ernst & Young SpA during the course of 2008.

8. ASSIGNMENTS GRANTED TO COMPANIES AFFILIATED WITH THE EXTERNAL AUDITORS AND THEIR COSTS

The Board of Statutory Auditors is not aware of any assignments made in 2008 to companies connected to the financial audit company Reconta Ernst & Young SpA on a continuous basis.

9. OPINIONS ISSUED AS PROVIDED FOR BY LAW IN 2008

In 2008 and up to this writing, the Board of Statutory Auditors did not issue any opinions as provided for by law.
The only opinions of which the Board of Statutory Auditors is aware are those requested by the company from independent experts and/or consulting firms regarding compliance with fiscal and legal provisions, including in light of its decision to opt for SIIQ status, as well as appraisals of fixed assets.

10. FREQUENCY AND NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

In the interests of thorough disclosure, we report the number of meetings held by the above mentioned bodies in 2008:

- The Board of Directors met almost once a month, for a total of 14 meetings.
- The Board of Statutory Auditors met more frequently than required by law (every 90 days). The statutory auditors met on 5 March, 5 April, 23 May, 29 May, 30 July, and 30 October 2008. These meetings include those held under Art. 2404 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Civil Code Art. 2429 (2). The Board of Statutory Auditors also attended the meetings of the Board of Directors, the annual general meeting, the extraordinary general meeting of January 2008, the meetings of the Internal Control Committee and the Supervisory Board, and meetings with company management, Internal Audit and the external auditors.

11. OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's by-laws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the directors' report. We have nothing to report regarding the directors' activities. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections, information received from department heads, and meetings with the Financial Reporting Officer, Internal Audit and the Internal Control Committee, as well as through information exchanged with the external auditors. More in detail, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's by-laws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

12. COMMENTS ON THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors also verified and monitored, to the extent of its responsibility, the adequacy and proper functioning of the company's organizational structure.
In order to meet the company's growing operational needs, the organizational structure was further strengthened during the year. We have no comments nor anything to report regarding the company's organizational structure.
We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and procedures, having acknowledged the additional steps taken and the improvements made in connection with the company's growth and business needs.
The organization and services, both internal and outsourced, were found to be adequate and in compliance with the law and to guarantee correct, effective and efficient operations.

13. COMMENTS ON THE INTERNAL CONTROL SYSTEM.

The Board of Statutory Auditors evaluated and verified the adequacy of the internal control system including through periodic meetings with (i) the Financial Reporting Officer, (ii) the head of internal control, (iii) the Internal Control Committee, and (iv) the external auditors, as well as through documentation provided by the company, and has nothing to report in this regard.
The internal control activities were outsourced to a company specialized in this area which periodically reported to the Board of Statutory Auditors, the Internal Control Committee and the Supervisory Board on its actions and progress, mentioning specific operational needs wherever necessary and recommending the most appropriate means of implementing the Plan of Work.
The Internal Audit activities were focused primarily on completing traditional audits and updating internal procedures, while continuing to work on the implementation of the Organizational Model pursuant to Legislative Decree 231/01 and the procedures related to the financial reporting officer's activities.
Internal Audit reported periodically to the Internal Control Committee and the Board of Statutory Auditors on its activities, on recommendations made, and on plans for the new year, already submitted to the designated officers.
The Internal Control Committee prepared a report on its activities in 2008.
Based on the controls made and the information obtained during periodic meetings with the Internal Control Committee, Internal Audit, the external auditors, the financial reporting officer, and on comments received from the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system is reliable, timely, and adequately meets the needs of the company and its operations.
Information and documentation related to the proposed agendas of the Board of Directors meetings and the various committee meetings was provided in the most efficient and discrete way possible.

14. COMMENTS ON THE ADMINISTRATIVE - ACCOUNTING SYSTEM AND ITS ABILITY TO PROVIDE A FAIR REPRESENTATION OF PERFORMANCE

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of company documentation, and examination of the reports provided by the external auditors Reconta Ernst & Young SpA.
The administrative-accounting system was found to be adequate and to have met the company's needs during the year.
The external auditors tested the accounting and administrative procedures and found these to be reliable. They also verified that the accounting records of operations were correct and that the information and accounting standards used to prepare the parent company and consolidated financial statements were complete, and had no complaints or observations in this regard.
Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 bis of the Italian Civil Code, which are assigned to the external auditors, we found on the basis of information received and inspections made pursuant to Civil Code Articles 2403 et seq that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.

15. COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998

The Board of Statutory Auditors verified the adequacy of the information provided by company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.
With regard to close functional and operational ties and the presence of contact people at the subsidiaries, the

company guarantees a correct and adequate flow of information supported by suitable documentation and accounting records.
The company is, therefore, able to fulfill all reporting requirements related to significant events and consolidation provided for by law.
The company is fully able to exercise management and coordination of its subsidiaries as expressly contemplated by law.

16. COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditors Reconta Ernst Young S.p.A., verified compliance with all current laws and regulations regarding the preparation and drawing up of the parent company and consolidated financial statements as well as the accompanying Directors' Report.
The statutory auditors met with the external auditors responsible for both the accounting controls under Art. 2409 bis of the Italian Civil Code and the audit of the consolidated and parent company financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.
During these meetings the external auditors reported no irregularities, problem areas or omissions in the company's accounts. On these occasions we informed the external auditors of the Board of Statutory Auditors' activities as well as relevant and significant corporate events.

17. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies, through the adoption of its own Corporate Governance regulations, with the standards and recommendations included in the Corporate Governance Code prepared by Borsa Italiana's Committee for Corporate Governance of Listed Companies in order to regulate compliance with laws and regulations and the composition, responsibilities and role of the corporate bodies in charge of the company's management. The Board of Directors, appointed by the annual general meeting on 28 April 2006 on the basis of the voting lists presented by the shareholders, is comprised of fifteen members of whom fourteen are non-executive and eight qualify as independent according to the Board of Directors. The Board of Directors has appointed the following committees from amongst its members:

- Internal Control Committee: comprised of three non-executive directors, of whom two are independent. In 2008 the committee held meetings with continuity and in keeping with operational needs. It held six meetings during the year. Meetings of the Internal Control Committee are attended by the chairman of the Board of Statutory Auditors or by another designated statutory auditor.
- Supervisory Board: comprised of three independent directors. Meetings were held regularly in 2008 in accordance with operational needs. There were four meetings held during the year, attended by the chairman of the Board of Statutory Auditors or another designated statutory auditor.
- Compensation Committee. This was formed in March 2008 and is comprised of three independent directors. In 2008 it held two meetings.
- Executive Committee. This was formed in September 2008 and consists of five directors: the chairman, the vice chairman and the chief executive officer, in addition to one independent director and one non-executive director. In 2008 it held three meetings.
- Nominations Committee: the three-member Nominations Committee was also formed in September and is comprised of two independent directors and one non-executive director. It met twice in 2008.

In 2007 the company introduced the title of "Lead Independent Director" to act as the reference person and coordinator for all positions and activities involving the independent directors, with a view to fostering their greater autonomy from management. The Lead Independent Director may also call meetings of the independent directors only to discuss topics related to the company's operations or the functioning of the Board of Directors.
During the meeting of 7 February 2008, the Board of Directors resolved to hire Egon Zehnder International SpA, headquartered in Milan, to perform a "board review" consisting of an analysis and assessment of the functioning of the Board of Directors. The results were presented in a report discussed by the Board. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its sub-committees.
In light of the above, and considering the new committees set up in accordance with the Corporate Governance Code, the Board of Statutory Auditors expresses a favorable opinion of the company's corporate governance system.

18. OTHER POSITIONS HELD BY THE STATUTORY AUDITORS

Pursuant to Art. 144-quinquiesdecies of the implementation provisions of Legislative Decree 58 of 24 February 1998 (issuers' regulations), adopted by Consob with Resolution 11971 of 14 May 1999 (as amended), in an annex to this report is a list of positions held by each member of the Board of Statutory Auditors of IGD SIIQ SpA at the companies specified in Book V, Section V, Chapters V, VI and VII of the Italian Civil Code as of the issue date of this report.

19. CLOSING REMARKS

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, and the external auditors cooperated with us fully during our supervisory activities.
We have found no omissions, inappropriate conduct,

imprudent transactions, or irregularities worthy of mention, thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.
The interests held by the directors, statutory auditors and members of management are listed in the Directors' Report. We have no comments to make in this regard.
A statement indicating the compensation paid to the directors, statutory auditors and the general manager by the company and its subsidiaries has also been provided and we have no comments to make in this regard.

20. PROPOSALS TO THE GENERAL MEETING

Having acknowledged the financial statements for the year ended 31 December 2008, the Board of Statutory Auditors has no objections to the Board of Directors' proposal for allocation of the net profit, including in light of the dividend on "tax-exempt" income required of SIIQs under Law 296/07.
Specifically, we refer to the following items of the agenda discussed at the annual general meeting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

First item
Financial statements at 31 December 2008; Directors' Report on Operations; External Auditors' Report; Statutory Auditors' Report; presentation of the consolidated financial statements at 31 December 2008; related and consequent resolutions.

- We recommend that you approve the financial statements at 31 December 2008 and the Board of Directors' proposal for allocation of the net profit for the year.

Second item
Appointment of the Board of Directors, the number of members and the term of office; the Board of Directors' compensation.

- We find that the information provided in the Directors' report on this topic is adequate and complete.

Third item
Appointment of the Board of Statutory Auditors for the three-year period 2009-2011; appointment of the Chairman of the Board of Statutory Auditors; the Board of Statutory Auditors' compensation.

- On this topic as well, we find that the information provided in the Directors' report is adequate and complete.

Fourth item
Revocation of current authorization for the purchase of treasury shares and granting of a new authorization to the Board of Directors.

- At 31 December 2008, the company owned 10,976,592 treasury shares worth a total of €22,141,778. The number of shares allows the general meeting to pass a resolution for the purchase of treasury shares, and as of this writing, the Board of Statutory Auditors believes that the conditions are satisfied (under Civil Code Art. 2357 and the company's by-laws) for acquiring additional shares within the limits set by law.

Fifth item
Any other business.
No comments.

Dear shareholders:
In concluding this report and our three-year assignment, we would like to express our sincerest thanks to those who have assisted us in the course of our work and for your continued support.

Villanova di Castenaso, 1 April 2009

The Board of Statutory Auditors
signed
(Romano Conti)
(Franco Gargani)
(Roberto Chiusoli)

Annex to the Report of the Board of Statutory Auditors of IGD SIIQ SpA to the financial statements at 31 December 2008

Pursuant to Art. 144-*quinquiesdecies* of the implementation provisions of Legislative Decree 58 of 24 February 1998 (issuers' regulations), adopted by Consob with Resolution 11971 of 14 May 1999 (as amended), the following is a list of positions held by each member of the Board of Statutory Auditors of IGD SIIQ SpA at the companies specified in Book V, Section V, Chapters V, VI and VII of the Italian Civil Code as of 1 April 2009 (the date on which the Board of Statutory Auditors issued its report in accordance with Art. 153 [1] of Legislative Decree 58/1998).

Romano Conti

I, Romano Conti, in my capacity as chairman of the Board of Statutory Auditors of Immobiliare Grande Distribuzione SIIQ SpA, hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

	Company name	Tax identification no.	Registered office	Position	End of term	Category	Weight-ing
1	IGD SIIQ SPA	00397420399	Ravenna	Chairman of the Board of Statutory Auditors	31/12/08	issuer	1.00
2	CENTRO SPERIMENTALE DEL LATTE SPA	00886520154	Lodi	Chairman of the Board of Statutory Auditors	31/12/08	medium	0.40
3	FINMECO SPA	02284371206	Rome	Chairman of the Board of Directors	31/12/09	small	0.00
4	F.G.F. FINANZIARIA GENERALE FELSINEA SPA	03903080376	Bologna	Director	31/12/2008	small	0.00
5	COMET SPA	02108091204	Bologna	Standing auditor	31/12/09	large	0.24
6	COMET HOLDING SPA	02406221206	Bologna	Chairman of the Board of Statutory Auditors	31/12/09	large	0.40
7	DESPINA SPA	02444831206	Bologna	Director	31/12/10	small	0.00
8	UNICREDIT LEASING SPA	03648050015	Bologna	Standing auditor	31/12/09	public interest	0.75
9	COFIM SRL	02553241205	Bologna	Chairman of the Board of Directors	Until recall	small	0.00
10	SIMBULEIA SPA	03155660370	Bologna	Director	31/12/08	medium	0.00
11	GALOTTI SPA	01061640379	Bologna	Standing Auditor	31/12/10	medium	0.40
12	FIN.GI SRL	02022210377	Bologna	Sole director	Until recall	small	0.00
13	EDITORIALE CORRIERE DI BOLOGNA	03644040960	Bologna	Standing Auditor	31/12/09	small	0.00
14	SECONDA SPA	02688891205	Bologna	Chairman of the Board of Statutory Auditors	31/12/08	small	0.20
15	G.M.G. GROUP SPA	08444610581	Bologna	Director	31/12/08	small	0.30
16	FERRARIO SPA	02019200373	Bologna	Chairman of the Board of Statutory Auditors	31/12/09	small	0.10
17	D&C SPA	03325650376	Bologna	Director	31/12/10	small	0.20
18	LA CASSA DELLA ROMAGNA SPA	02879301204	Bologna	Standing Auditor	31/12/10	dormant	0.00
						Total	**3.99**

Roberto Chiusoli

I, Roberto Chiusoli in my capacity as standing auditor of Immobiliare Grande Distribuzione SIIQ SpA, hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

Company	Position	End of Term	Company Category [1]	Weighting (see note 1)
Unipol Gruppo Finanziario S.p.A.	Chairman of the Board of Statutory Auditors	April 2010	Issuer	1
IGD SIIQ S.p.A.	Standing Auditor	24/04/09	Issuer	1
UGF Banca S.p.A.	Chairman of the Board of Statutory Auditors	April 2011	Public interest (2)	0.45
UGF Merchant S.p.A.	Standing Auditor	21/04/09	Public interest (2)	0.45
Banca di Bologna Credito Cooperativo	Standing Auditor	May 2011	Public interest	0.75
Holmo S.p.A.	Chairman of the Board of Statutory Auditors	September 2010	Large	0.40
Granarolo S.p.A.	Chairman of the Board of Statutory Auditors	April 2009	Large	0.40
Manutencoop Facility Management S.p.A.	Member of the Oversight Board	May 2011	Large	0.40
HPS S.p.A.	Standing Auditor	May 2011	Medium	0.20
Iniziative Bologna Nord S.r.L.	Chairman of the Board of Statutory Auditors	April 2011	Small	0
			Total	**5.05**

[1] As per Annex 5-*bis* to the Issuers' Regulations, in accordance with Art. 148-*bis* (1) of Legislative Decree 58/1998
2. Subsidiary of Unipol Gruppo Finanziario SpA

Franco Gargani

I, Franco Gargani, in my capacity as standing auditor of Immobiliare Grande Distribuzione SIIQ SpA, hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

	Company name	Tax identification no.	Registered office	Position	End of term	Category	Weight -ing
1	IGD SIIQ SPA	00397420399	Ravenna	Member of the Board of Statutory Auditors	2009	issuer	1.00
2	ASIU S.p.A	01261000499	Piombino (LI)	Statutory auditor with accounting control	2011	medium	0.40
3	S.G.F. S.r.l	01107540492	Piombino (LI)	Member of the Board of Statutory Auditors	2011	small	0.00
4	TIRRENO LOGISTICA Srl	01480060498	Piombino (LI)	Member of subsidiary Board of Statutory Auditors	2011	large	0.24
5	GESTIONE STRUTTURE COOPERATIVE DEL TIRRENO Srl	01445360496	Piombino (LI)	Member of subsidiary Board of Statutory Auditors	2009	large	0.24
6	INTERPORT Srl	01144220496	Piombino (LI)	Member of subsidiary Board of Statutory Auditors	2010	small	0.00
7	SVILUPPO DISCOUNT SpA	11247460154	Milan	Member of the Board of Statutory Auditors	2011	large	0.40
8	GEMA COOMERCIALE Srl	02007920974	Prato	Statutory auditor at subsidiary with accounting control	2009	medium	0.20
9	CEVALCO SpA	00899140495	Campiglia M. (LI)	Member of the Board of Statutory Auditors	2011	small	0.00
10	TAP TECNOLOGIE AMBIENTALI PULITE Srl	01160290498	Piombino (LI)	Statutory auditor with accounting control	2011	medium	0.40
11	INDAL 2000 Srl	00732430491	Suvereto (LI)	Statutory auditor with accounting control	2010	medium	0.40
12	CALDANA Srl	01108430537	Gavorrano (GR)	Member of subsidiary Board of Statutory Auditors	2011	small	0.00
13	FOLCENTER Srl	00918210535	Follonica (GR)	Member of subsidiary Board of Statutory Auditors	2010	small	0.00
14	ORIZZONTE Srl	00700680499	Piombino (LI)	Member of the Board of Statutory Auditors	2010	small	0.00
15	AXIS Srl	05358671211	Naples	Member of the Board of Statutory Auditors	2009	small	0.00
16	MAISIS Srl	02298360484	Montelupo (FI)	Member of subsidiary Board of Statutory Auditors	2010	small	0.00
17	SOLARIA Srl	01400800536	Grosseto	Member of the Board of Statutory Auditors	2010	small	0.00
18	CIGRI SpA (in liquidation)	90002550490	Campiglia M. (LI)	Member of the Board of Statutory Auditors	2010	small	0.00
19	EDILIZIA PROVINCIALE GROSSETANA SPA	01311090532	Grosseto	Statutory auditor with accounting control	2010	medium	0.40
20	ULTIMA SPIAGGIA Srl	011335950539	Follonica (GR)	Non-executive director	2011	small	0.00
						Total	**3.68**

The Board of Statutory Auditors
signed
(Romano Conti)
(Franco Gargani)
(Roberto Chiusoli)

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Glossary

AGENCY MANAGEMENT
Activity carried out in order to single out the Tenant Mix and negotiate the lease agreements for the stores located in the malls.

COMMERCIAL CENTER
Real estate complex comprised of a Hypermarket and a Shopping Mall, featuring common areas and infrastructures located in a covered area with heating and air conditioning.

DEVELOPMENT PIPELINE
Program for investments in development.

DIRECT COSTS
Costs directly attributable to the commercial centers.

DIVIDEND YIELD
The dividend yield, or price/dividend ratio, on a company stock is the company's annual dividend payments made or announced divided by closing price of the ordinary shares at the end of the year.

EBIT (operating profit)
EBIT or Earnings before Interest and Taxes, is a figure which, when compared to EBITDA, includes some information on amortization, depreciation and the change in the property's fair value. In the case of IGD, which adheres to the IAS (International Accounting Standards), amortization and depreciation are not overly significant as every six months, based on an independent appraisal, the value of the freehold properties is updated: the property is booked in the balance sheet at market value, while the difference in fair value is posted in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings before Interests, Taxes, Depreciation & Amortization, is the most significant measurement of a company's operating performance. It shows the earnings before interest, taxes, depreciation and amortization and, therefore, does not reflect the company's source of financing, taxes or its investment cycle. EBITDA is a proxy for the operating cash flow that the company is capable of generating.

EPRA
European Public Real Estate Association.

EPS / EARNINGS PER SHARE
Total earnings divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV
The estimated rental value at market rates of rentable space based on an independent appraiser's valuation of the rent which could be reasonably expected for similar properties located in similar areas.

FACILITY MANAGEMENT
Supply of specialized services to commercial centers such as security services, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
Net income to which the real estate portfolio depreciation and amortization expenses and the net change in the market value are added.
It is the indicator most commonly used to evaluated a REIT's performance.

GENERAL EXPENSES
Undivided costs, not attributable to individual commercial centers which, as such, are referred to as corporate costs.

GLA / GROSS LEASABLE AREA
Gross leasable area.

GROSS DIVISIONAL MARGIN
The result obtained by subtracting direct costs from revenues.

GROSS SURFACE AREA
Area of the buildings including the outside walls.

HYPERMARKET
Property with a sales area in excess of 2,500 m² used for the retail sale of food and non food products.

INITIAL YIELD
The initial annual income from a real estate asset expressed as a percentage of its valuation at the time of purchase.

IPD
Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

IRS/INTEREST RATE SWAPS
Financial instrument based on which two parties agree to exchange interest payments on a specific principle amount on a predetermined date. Used to convert floating rate debt into fixed rate debt.

JOINT VENTURE
Entity in which IGD holds a long term interest, controlled jointly by one or more parties based on a contractual agreement which calls for decisions regarding the management and financing of the enterprise to be made jointly.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for the entire year and the entire prior year.

LTV / LOAN TO VALUE
Ratio between fair market value of real estate assets and the relative financing.

MALL / SHOPPING MALL
Common space shared by the operators of a Commercial Center.
In Italian a Shopping Mall is usually referred to as a Galleria.

MARKET VALUE
The estimated amount for which a property coud be exchanged on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion.
Following is the definition of market value used by the appraiser:
"Pursuant to the 6th and last edition of the "RICS Appraisal and Valuation Manual" ("The Red Book") published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the Market Value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgably, prudently, and without compulsion".

MEDIUM SIZED AREA
Property Immobile avente area di vendita compresa tra mq. 250 e mq. 2.500 adibito alla vendita al dettaglio di prodotti di largo consumo non alimentari.

NAV / NET ASSET VALUE
Expresses the difference between the value of the real estate assets (Asset Value) and net debt. The NAV per share indicated in IGD's financial statements is the Triple Net Asset Value (3NAV): it is, in fact, expressed net latent capital gains and the tax effect. In the calculation potential capital gains on freehold property are to be added to the net equity. The tax effect, based on the company's tax rate, is then deducted from this result. This Net NAV figure is then divided by the number of shares issued.

OCCUPANCY RATE
Gross let surface area expressed as a percentage of total real estate surface area.

OVER-RENTED
Space rented at a level above its ERV.

PRE-LET
Rental contract signed by an operator before the development of the property has been completed.

REAL ESTATE PORTFOLIO
The portfolio of real estate assets, both freehold and third party, managed by the IGD Group.

REIT
Real Estate Investment Trust. Equivalent to a SIIQ in Italy.

RETAIL PARK
Group of three or more complex which together cover more than 4,500 m^2, with shared parking.

REVERSIONARY POTENTIAL YIELD
The net annual rent which should be generated once the rent reaches the estimated rental value expressed as a percentage of the property value.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by the average capital employed in the year.

ROE/RETURN ON EQUITY
Net income divided by net equity after dividends

SHOPPING MALL
Real estate complex that includes a group of retails shops and the shared common areas STORE
Property used for the retail sale of non food products.

SIIQ
Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. The regulatory framework allows for publicly held listed companies, whose primary activities are related to real estate, to take tax exemptions once certain requirements related to income, equity and rental activities are satisfied.

SUPERMARKET
Property with a sales area of between 250 m^2 and 2,500 m^2 used for the retail sale of food and non food products.

TENANT MIX
All the operators, brands and trademarks found within a shopping mall.

UNDER-RENTED
Space rented at a level below its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL
The average cost of capital (debt and all other sources of capital) used in order to calculate the expected return on investments.

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