IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.

Registered office in Ravenna (RA), Via Agro Pontino n. 13,

Headquarters in Bologna, Via Trattati Comunitari Europei1957-2007 n.13,

Tax ID, VAT and Ravenna Company Register no: 00397420399,

Share capital approved: EUR 392,885,625.00,

Share capital subscribed and paid-in: EUR 309,249,261.00.

Half-Year Financial Report

at 30/06/2010

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Corporate Officers

Board of Directors:

1. Gilberto Coffari – Chairman
2. Sergio Costalli – Vice Chairman
3. Claudio Albertini – Chief Executive Officer
4. Corrado Pirazzini – Director
5. Roberto Zamboni – Director
6. Leonardo Caporioni – Director
7. Fernando Pellegrini – Director
8. Aristide Canosani – Director (Independent)
9. Fabio Carpanelli – Director (Independent)
10. Massimo Franzoni – Director (Independent)
11. Francesco Gentili – Director (Independent)
12. Andrea Parenti – Director (Independent)
13. Riccardo Sabadini – Director (Independent)
14. Giorgio Boldegrini – Director (Independent)
15. Sergio Santi – Director (Independent)

Board of Statutory Auditors

1. Romano Conti - Chairman
2. Roberto Chiusoli – Standing Auditor
3. Franco Gargani – Standing Auditor
4. Isabella Landi – Alternate Auditor
5. Monica Manzini – Alternate Auditor

Internal Control Committee:

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

Compensation Committee

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

Nomination Committee

1. Fabio Carpanelli
2. Giorgio Boldegrini
3. Andrea Parenti

Supervisory Board:

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

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

Directors' Report

The Group

The Immobiliare Grande Distribuzione Group's Consolidated Half-Year Financial Report at 30 June 2010 was prepared pursuant to Art. 154 ter of Legislative Decree 58/1998 and in accordance with the valuation criteria and measurements established by the IFRS (International Financial Reporting Standards) adopted by the European Commission as per the procedure provided for in Art. 6 of EC Regulation n°1606/2002 issued by the European Parliament and the Council on 19 July 2002, and in particular with IAS 34 – Interim Financial Reporting. The Half-Year Financial Report, along with the notes to the accounts, consolidates the income statements and balance sheet at 30 June 2010 of IGD Siiq S.p.a., Immobiliare Larice srl, Millennium Gallery srl, Porta Medicea srl, Nikefin Asti s.r.l. and the companies WinMagazin SA and Winmarkt Management S.r.l.. The financial statements at 30 June 2010 for the RGD Group, held 50%, were consolidated based on the proportional method.

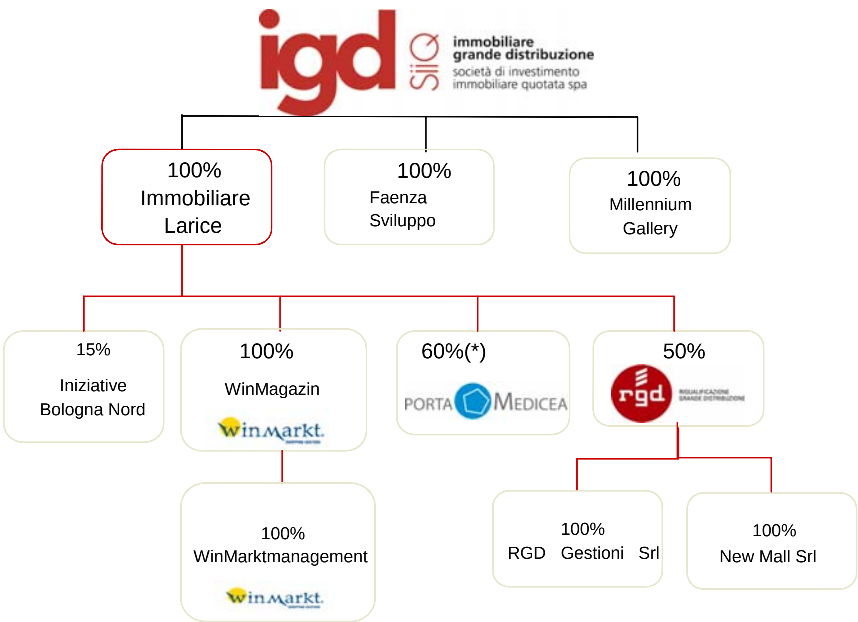
This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods.

Please refer to the Glossary for more information about these indicators.

Today IGD is the only Società di Investimento Immobiliare Quotata (SIIQ or real estate investment trust) in Italy. IGD's focus has always been on medium-large sized shopping centers comprised of hypermarkets and shopping malls. The IGD Group is primarily active in property management and leasing. The objective is to enhance the value of the property portfolio which is done through, on the one hand, the purchase, construction and leasing of retail properties (shopping centers, hypermarkets, supermarkets and malls) and, on the other, the optimization of the returns from the portfolio thanks to the continuous improvement of the center's appeal and the sale of the malls.

The IGD Group also provides a complete range of services which includes Agency Management and Pilotage designed to promote new or expanded centers, along with Facility Management, linked to marketing and the daily operations of the center such as, for example, security, cleaning and ordinary maintenance.

The structure of the Group at 30 June 2010 is shown below:



**** Consolidated 80% due to put & call option on minority interest.***

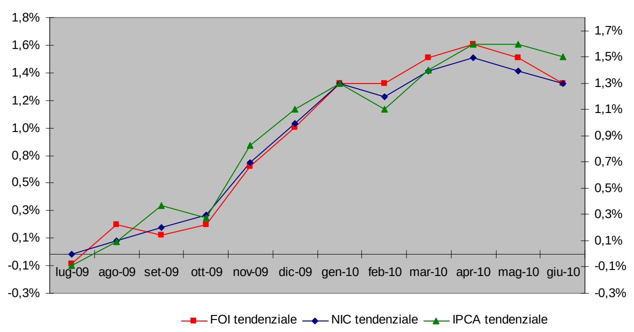
The Real Estate Market

The Macroeconomic Scenario

After a difficult 2009 characterized by the volatility of Italy's GDP (in the first quarter it was down, in the the second and third quarters it was positive while, in the last quarter, it returned to negative territory) with a total decline at the end of the year of -5.1%. In first quarter 2010 there was a reversal of the trend with Italy's GDP rising +0.4% over the prior quarter and + 0.5% with respect to the same quarter in 2009. The preliminary estimates for Italy's GDP in second quarter 2010, published by Istat at the beginning of August, indicate growth QoQ of 0.4% and growth YoY of 1.1%. The industrial and services sectors made a positive contribution to the performance of Italy's GDP in the first quarter, while agriculture had a negative impact. The estimated growth at June 2010 reaches +0.8% versus expectations of +1% (Source – IMF figures January 2010).

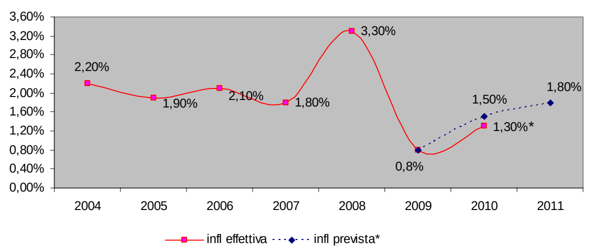
In first half 2010 inflation in Italy rose slightly, in line with the slow recovery begun in the latter part of 2009, to +1.3% in the month of June. Average inflation in the first and second quarters in 2010 reached +1.3% and +1.6%, respectively. (source: ISTAT figures).

INFLATION last 12 months



Inflation in Italy is expected to reach +1.5% in 2010 and +1.8% in 2011, figures slightly above Euro zone forecasts of 1.4% and 1.6%, respectively (source: Prometeia figures).

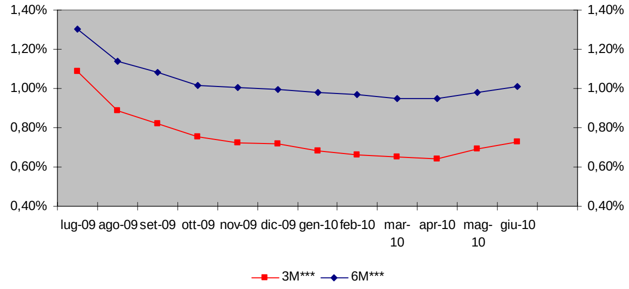
INFLATION TREND



(*) The 2010 figure refers solely to the first half.

In the first part of 2010 3M and 6M Euribor rates continued to fall, as in 2009. The most significant change took place in the months of May and June where average 3M and 6M Euribor rates reached 0.73% and 1.01%, respectively, in line with October 2009 levels.

EURIBOR JUL09-JUN10



In the first part of 2010 the unemployment rate (the percentage of the work force between the ages of 14 and 65 actively looking for work) rose further with respect to 2009 reaching +9.1% in first quarter 2010 versus +7.9% in first quarter 2009.

Non seasonally adjusted industrial production provided a positive note, rising 4.9% in the first five months of the year with respect to the same period in 2009 (source: ISTAT figures).

With regard to family consumption, there were no significant changes in the first five months of 2010 with respect to the same period in the prior year.

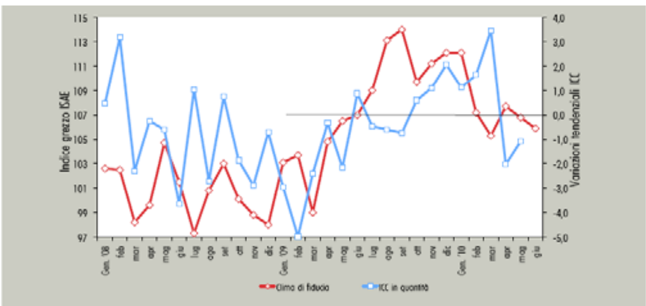
Year-on-year (January-May 2010 vs. January-May 2009) retail sales rose +0.5%, attributable +0.4% to large chains and -1.1% to small retailers (Source: ISTAT figures).

A robust recovery is not expected in the near future; the mood continues to be cautious and home remodelling projects and the purchase of new appliances are often postponed.

The consumer confidence fell further in June, testimony to the weak demand and the uncertainties which continue to influence families' behaviour.

In terms of businesses, the level of confidence for manufacturers fell slightly in June and improved for retail and services.

Fig. 1 – Level of confidence ISAE and ICC in volume

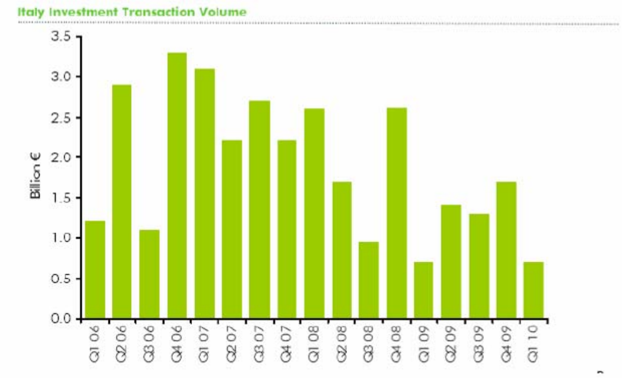


Fonte: Elaborazioni Ufficio Studi Confcommercio

Real Estate Investments in Italy

The volume of real estate investments in Italy slowed in first quarter 2010 with respect to the average figures recorded in the first quarters of 2009.

The slowdown is attributable primarily to seasonality, as in absolute terms (transactions totalled approximately €640 million) first quarter 2010 was in line with first quarter 2009, which is still considered the worst year for the real estate and other markets.

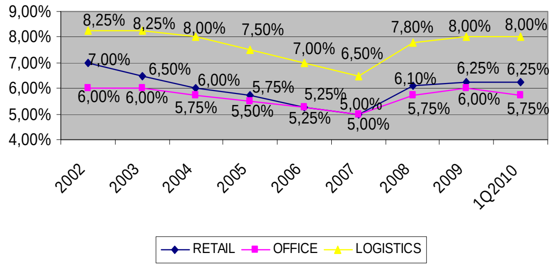


Fonte: CB Richard Ellis

(Source:CBRE).

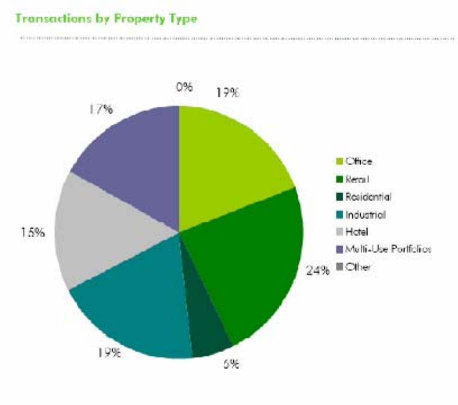
There was, however, a general improvement in investor sentiment with a solid recovery in activities related to possible new transactions. The appetite for risk continues, however, to be very limited and due diligence is key to the positive outcome of the transactions. As in the previous quarters, the most active investors are those with liquidity such as the German open-ended funds, insurance companies, a few pan-European funds, as well as funds specialized in the retail sector, which continue to be focused on prime properties with the best positions in their respective market sectors. For this reason, with the exception of the office sector where yields dropped slightly to 5.75%, the prime yields were stable with respect to 2009 coming in at 6.25% for the shopping center sector and at 8.00% for the logistics sector. Significant change in these levels is not expected in the next few months.

HISTORICAL PRIME YIELD TREND BY SECTOR



(fonte:CBRE)

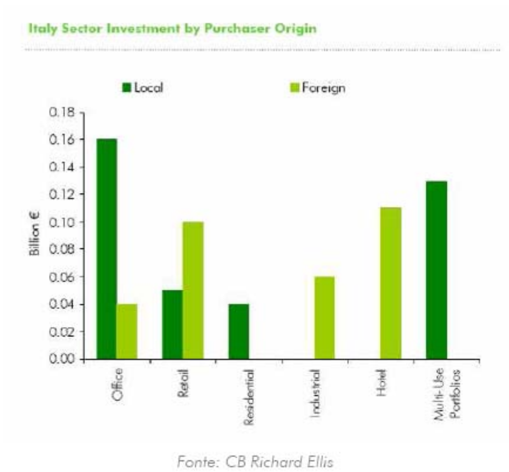
The retail sector was, once again, the most active reporting the greatest number of transactions in first quarter 2010.



Fonte: CB Richard Ellis

(Source:CBRE).

In first quarter 2010 the presence of foreign investors picked up, even outside the retail sector which, however, continues to be one of the sectors dominated by international investors.



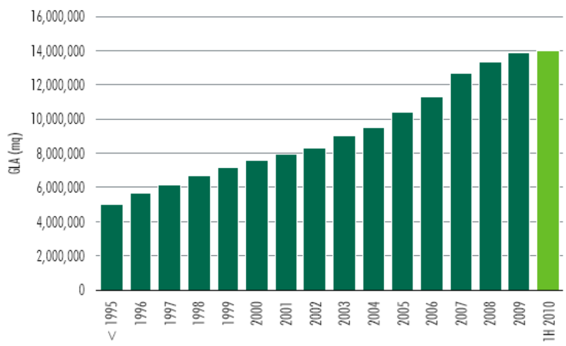
(fonte:CBRE).

The most important transactions which took place between the end of 2009 and the end of first half 2010 include the sale of the shopping center "Porta di Roma" (location: Rome; 73,500 m^2; buyer: Corio&Allianz); of the shopping center "Le Vele and Millennium Entertainement Center" (location: Cagliari; 31,900 m^2; buyer: Corio); of the shopping center Torre Ingastone (location: Palermo; 14,410 m^2; buyer: IGD SIIQ S.p.a.).

Shopping Centers in Italy

In first half 2010, the stock of shopping centers in Italy reached a GLA of approximately 14 million m^2

Italy shopping centers stock evolution



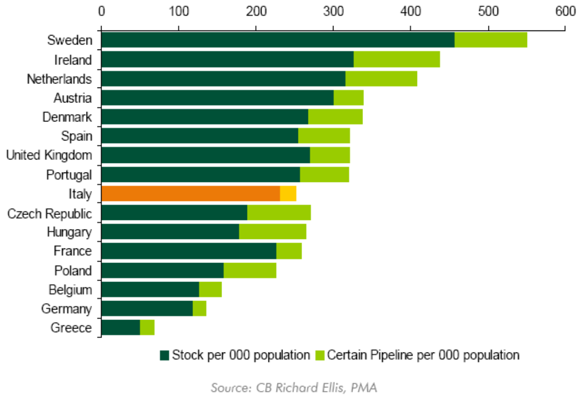
(Source:CBRE)

Today the average area of a shopping center reaches a GLA of approximately 18,000 m^2 versus a figure that in 1995 did not exceed a GLA of 11,000 m^2.

The average density reached 232 m^2 for every 1,000 inhabitants (versus 214 m^2 for every 1,000 inhabitants at the end of 2009) is still below the European average. We do not believe there is risk of over supply in the future with respect to the European average also due to the fact that in Italy it can take 10-15, and sometimes even 20, years to obtain the approval needed to open a new shopping center.

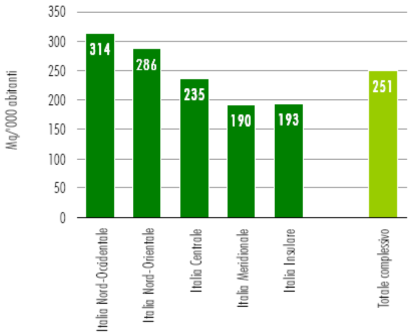
The committed development pipeline in Italy, which reaches a total GLA of 1.3 million m^2 includes the expansion of existing centers over the next few years by 251 m^2 for every 1,000 inhabitants.

Shopping center existing stock and pipeline for 1,000 inhabitants



Development will be concentrated in regions in central and southern Italy where the density, however, will remain at levels below 200 m^2 for every 1,000 inhabitants.

GLA density expected in short term in Italy (only shopping centers) sqm each 1,000 inhabitants



(Source:CBRE)

Despite the continuous change in the mix of goods consumed and the decline recorded over the past few years, the "Shopping Mall" format continues to attract retailers.

ROMANIA

The Macroeconomic Scenario

Similar to all the Eastern European economies, in the first few months of 2010 Romania's GDP continued to drop, failing to reach the IMF's forecasted growth for 2010 of +0.8%.

In the first quarter Romania's GDP fell -0.3% with respect to the prior quarter and -2.5% with respect to the same quarter in 2009 (Source: Romania's National Bureau of Statistics).

Inflation in June 2010 reached +4.3% (Source:Eurostat) in line with the National Bank of Romania's forecasts for 2010 for inflation of not more than 4.5%.

The economic policies implemented by the Romanian government, such as an increase in VAT from 19% to 24% effective at the end of June, had a significant impact on the ron/euro exchange rate which reached its all time high in June, and the confidence of foreign investors who fear that there will be drastic increases in the flat tax rate which currently is 16%.

The average ron/euro exchange rate in the first six months of 2010 was 4.1482, with a low of 4.0653 at the end of March and a high of 4.3688 at the end of June.

On a positive note, unemployment which increased constantly in the first few months of the year, began to drop slightly as of April, reaching 7.67% in May 2010 (Source: Romania's National Bureau of Statistics) and exports increased reaching +33% with respect to the same month in the prior year in the month of April.

Consumer Trends and the Real Estate Market

The lack of financing froze real estate development projects, in both the residential and retail/services sectors.

Of the approximately 60 new shopping centers that were expected to open by Spring 2010, only three were inaugurated in Bucharest and 6 in the rest of the country.

Large office building projects were announced in the capital alone: today the occupancy rate at the most important (Pipera) of these projects reaches 64% (Source : Real Time / Financiarul).

With regard to real estate transactions, the retail segment was once again the most active with volumes reaching €196.9 million in first half 2010.

The investor NEPI completed one of the most important real estate transactions in the Romanian retail market; the purchase of Auchan and Bricostore in Pitesti. Another important transaction which took place in first half 2010 was the purchase of a 50% stake in the Atrium Center in Arad by Arcadom, Trigranit Corporation Group. A third transaction of note was Immoeast's purchase of the Polus Center in Costanza from Trigranit.

In first half 2010 prime yields were largely unchanged with respect to 2009 with a slight drop in the retail shopping center and High Street sectors.

Prime Yields 2008 - 2010

	H1 2008	H2 2008	H1 2009	H2 2009	H1 2010
Offices	7.5%	8.5%	9.5%	9.5%	9.5%
Retail – Shopping Centres	6.5%	8.0%	9.0%	9.5%	9.25%
Retail – High Street	7.5%	8.5%	12.0%	12.0%	11.0%
Industrial	8.0%	8.5%	10.0%	10.5%	10.5%

Positive signals came from some of the large International retail chains active, above all, in Bucharest.

In the first six months of 2010 retailers like Camaieu, Gerard Darrel, SIX opened there first stores in Romania. The first openings of Leroy Merlin and Lidl should take place in the next few months, while an aggressive campaign involving new openings for H&M should be kicked off in 2011.

The Real Estate Portfolio

FREEHOLD ASSETS

At 30 June 2010 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 30 June 2010 was estimated, based on the independent appraisal of CB Richard Ellis, at €1,704.9 million (a figure which reaches €1,776.86 million if we include the 50% of RGD).

The IGD Group's real estate portfolio includes assets held for trading valued at €82.43 million related to the development of a multifunctional complex in Livorno and land held for future expansion and/or new construction which at 30 June 2010 was valued at €36.31 million, as well as a building which will house a shopping mall in the process of being completed which was valued at the same date at €48.7 million.

The IGD Group's "core" (hyper/super and malls) real estate portfolio in Italy (excluding RGD) reached a total value of €1,351.2 million. On a like-for-like basis the value at 30 June 2010 rose 0.16% with respect to the previous half.

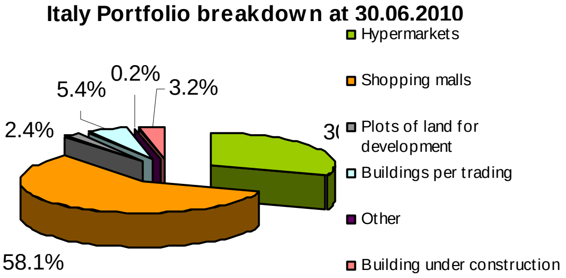
The increase in value is attributable to the "hypermarket/ supermarket" class of property, while the "shopping mall" class was largely unchanged and "other" fell, but it has a marginal impact on the entire Italian portfolio.

ANALYSIS OF THE FREEHOLD ASSETS

GEOGRAPHICAL BREAKDOWN AND COMPOSITION OF THE PORTFOLIO

In the first six months of 2010 the IGD Group's real estate portfolio (excluding RGD) grew by a GLA of approximately 14,400 m^2 thanks to a shopping mall being built in Palermo which at 30 June 2010 was classified under assets under construction as it is in the process of being built and does not yet generate income. The center should be opened by the end of 2010.

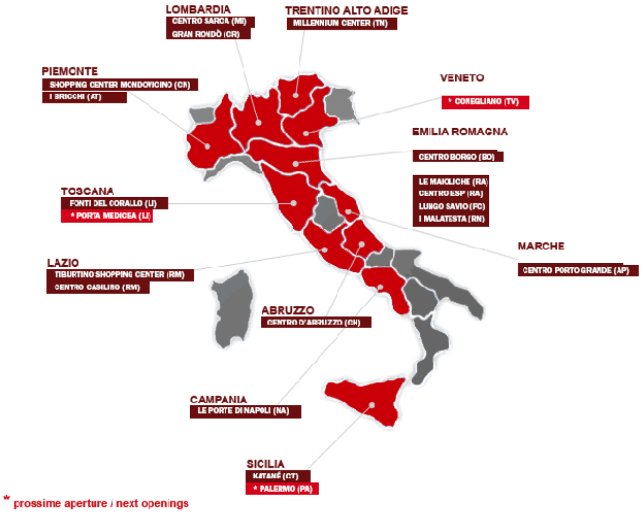
After the changes that took place in first half 2010, the IGD Group's real estate portfolio can be broken down as follows:



IGD's properties (excluding the 50% interest in RGD) in Italy total 45 and can be broken down as follows:

- 16 shopping malls
- 17 hypermarkets and supermarkets
- 4 plots of land for development
- 1 building under construction
- 1 asset held for trading
- 6 other

The properties are broken down by region and geographical area below:



E. Romagna:4 malls, 8 hyper-super,1 plot of land; 3 other

Piedmont:2 malls

Lombardy:2 malls

Trentino: 1 mall

Veneto: 2 plots of land

Marche:1 mall, 3 hyper, 3 other, 1 plot of land

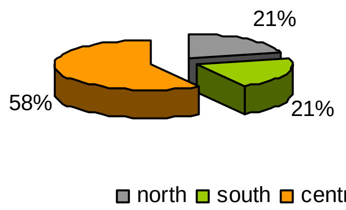
Abruzzo:1 mall; 1 hyper

Campania:1 mall; 1 hyper

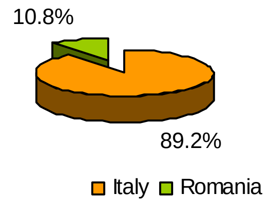
Lazio: 2 malls; 2 hyper

Tuscany: 1mall, 1 hyper, 1 asset held for trading

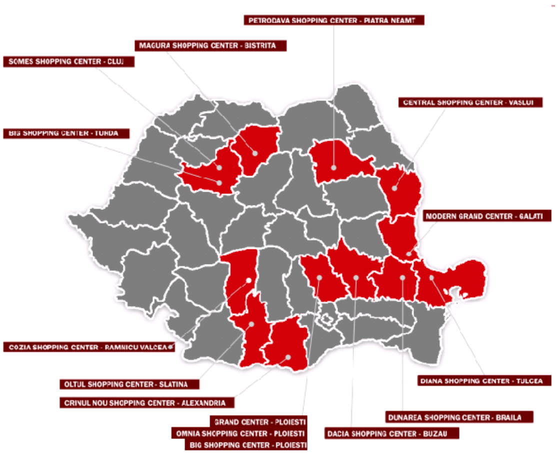
Breakdown by geographic area in Italy at 30.06.2010



Portfolio breakdown Italy-Romania (RGD excluded) at 30.06.2010

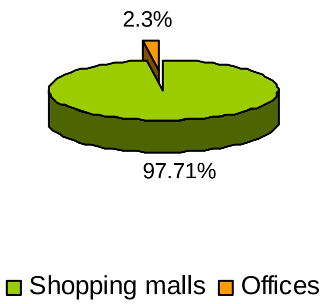


IGD's real estate assets in **Romania** total 16, broken down as follows:

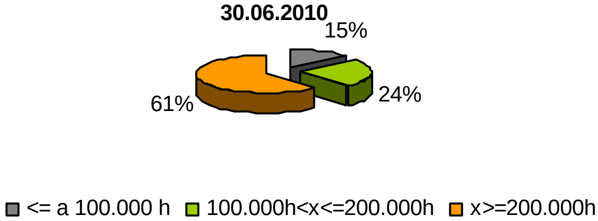


- 15 shopping centers
- 1 office building

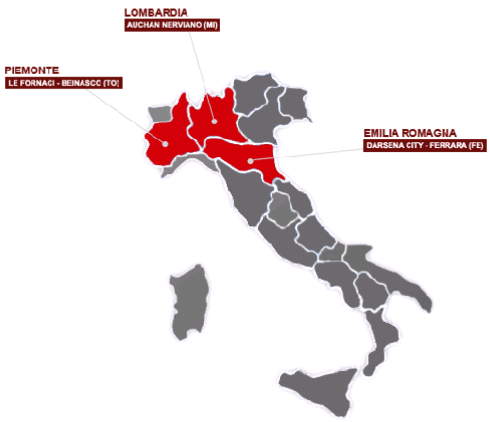
Portfolio breakdown Romania at 30.06.2010



Breakdown by geographic area in Romania at 30.06.2010



RGD's real estate assets, of which IGD owns 50%, are located in Italy and can be broken down as follows:



Lombardy: 1 shopping center Commerciale

Piedmont: portion of 1 shopping center

E.Romagna: 1 shopping center

ITALY (excluding RGD)

HYPERMARKETS AND SUPERMARKETS

Hypermarkets and supermarkets are the stable component of the core 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 occupancy rate is 100%, with an average yield of 6.39% calculated on the market value on a like-for-like basis, showing an increase of 0.02% with respect to the figure recorded at 31.12.2009. Like-for-like, the market value of this class of properties rose 0.55% on the market value at 31.12.2009 to €467.5 million.

The increase in value is attributable primarily to the stability of the revenues.

In first half 2010 the perimeter of this class of properties did not change if we exclude the increase in GLA of 63 m^2 following the incorporation of a neighboring store by Iper Miralfiore resulting in an increase in rent of €9,000 per year.

SHOPPING MALLS

Shopping malls are the dynamic portion of IGD's core portfolio. At 30 June 2010 the occupancy rate, including contracts which took effect after 30 June, on a like-for-like basis reached 99.26%, an increase of 1.34% with respect to first half 2009. The total occupancy rate, rather, reached 95.33% following the inclusion in the perimeter of the “I Bricchi” Shopping Center in Isola d’Asti, which is still being launched. Like-for-like, the market value of the shopping malls at 30 June 2010 reached € 881.3 million, a slight drop of –0.04% when compared to the previous year. The drop is due to the temporary reduction in revenues following a delay in the completion of the restyling of the mall “Le porte di Napoli” (Afragola), as well as to postponements and the pre-letting of units in the “I Bricchi” Shopping Center in Isola d’Asti at lower than expected levels.

In first half 2010 the GLA of the Millennium Shopping Mall in Rovereto increased following the purchase of two company divisions, along with the real estate worth €2.4 million. Following this acquisition the total value of this class of property at 30 June 2010 reached €883.7 million.

The average yield like-for-like reached 6.46% calculated based on the market value at 30 June 2010, an increase of +0.22% with respect to the average yield at 31 December 2009.

PLOTS OF LAND

IGD’s portfolio includes 4 plots of land. A new shopping center is being built on one and a shopping mall on another, while the two remaining plots will be used for the expansion of existing centers.

The total market value of the properties owned by IGD at 30 June 2010 amounted to €36.31 million, an increase of 3.7% with respect to 31 December 2009 due to the progression of the construction work done on the land in Conegliano and in Chioggia.

ASSETS UNDER CONSTRUCTION

In June 2010 the shopping mall in the process of being completed located in Borgo Nuovo, near Palermo, became part of IGD Group’s real estate portfolio. The mall has a GLA of approximately 14,400 m2 and was valued at 30 June 2010 by an independent appraiser at € 48.7 million. The mall is expected to be opened to the public by the end of 2010.

ASSETS HELD FOR TRADING

The real estate assets held by the company Porta Medicea, the developer of the multifunctional complex in Livorno, were valued at 30 June 2010 by an independent appraiser at € 82.43 million.

OTHER

This class includes small properties (two stores and an office building, plus a wholesale zone and a fitness area) pertaining to freehold shopping centers. The perimeter fell with respect to the prior year as a vacant store in the Miralfiore Shopping Center was incorporated by the hypermarket, while the market value of this class of property at 30 June 2010 reached €2.46 million. In first half 2010 the value of this class of property fell by -36.9% with respect to 31 December 2009 due to a reduced perimeter following the incorporation of a store in Miralfiore by the hypermarket and the pre-letting of the fitness area found in the Malatesta Shopping Center in Rimini.

ROMANIA

The real estate portfolio of the Romanian company Winmarkt is comprised of 15 shopping centers and an office building with a total GLA of 90,244 m^2. The properties are located in 13 cities in Romania. None of the properties are found in the country's capital, Bucharest.

The total market value of the 16 properties at 30 June 2010 was €183.8 million, a drop of -2.03% with respect to 31 December 2009 attributable entirely to the 15 shopping malls which were valued by an independent appraiser at €179.6 million. The average yield of the shopping malls was 8.34%, a drop of 0.62% on 31 December 2009. The market value of the office building Junior in Ploiesti was estimated at €4.2 million, an increase of +2.4% with respect to 31 December 2009. The average yield reached 8.6%, a drop of -0.7% with respect to prior half.

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 30 June 2010 was €143.92 million, a decline of 2% with respect to the previous half. The valuation was impacted by C.C. Darsena in Ferrara, the value of which fell 7.2% with respect to the previous half due to the persistent vacancies.

IGD's portion, at 30 June 2010, totaled €71.96 million.

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

Real estate investments

Type	Book value at 30/06/2010	Accounting method	Market value at 30/06/2010	Date of last appraisal
IGD Group - Real estate investments				
Hypermarkets	467.50	fair value	467.50	July 10
Shopping malls Italy	883.70	fair value	883.70	July 10
Other	2.46	fair value	2.46	July 10
Total Italy	**1,353.66**		**1,353.66**	
Shopping malls Romania	179.60	fair value	179.60	July 10
Other Romania	4.20	fair value	4.20	July 10
Total Romania	**183.80**		**183.80**	
Total IGD Group (excluding JV RGD)	**1,537.46**		**1,537.46**	

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

Type	Book value at 30/06/2010	Accounting method	Market value at 30/06/2010	Date of last appraisal
Direct development initiatives				
Assets under construction	46.61	Cost	48.70	July 10
Plots of land and ancillary costs	36.26	Adjusted cost	36.31	July 10
Total direct development initiatives	**82.87**		**85.01**	
Development initiatives involving the purchase of assets to be completed in the future:				
Deposits, down payments and accessory costs	7.04	Cost	Not subject to appraisal	
Total development initiatives involving the purchase of assets to be completed in the future	**7.04**			

Assets held for trading

Type	Book value at 30/06/2010	Accounting method	Market value at 30/06/2010	Date of last appraisal
Assets held for trading	**80,98**	**Cost**	**82.43**	July 10

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"**

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.

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 substitute 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). The second and third instalments were paid on 16 June 2009 and 16 June 2010, respectively, while the other

installments will be paid within the timeframe provided for IRES payments in the two 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):

	16/06/2011	16/06/2012
Payment	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. Please note that on 22 April 2010 the Shareholders' Meeting approved the payment of a dividend equal to €14,913,634 and that the income distributed was derived entirely from exempt operations and represents an amount which is not less than 85% of the income available for distribution, in accordance with norms and regulations applicable under the SIIQ regime.
Based on the Parent Company's financial statements at 30.06.2010, and at 31.12.2009, 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 FOUND IN THE 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.

IGD's Stock

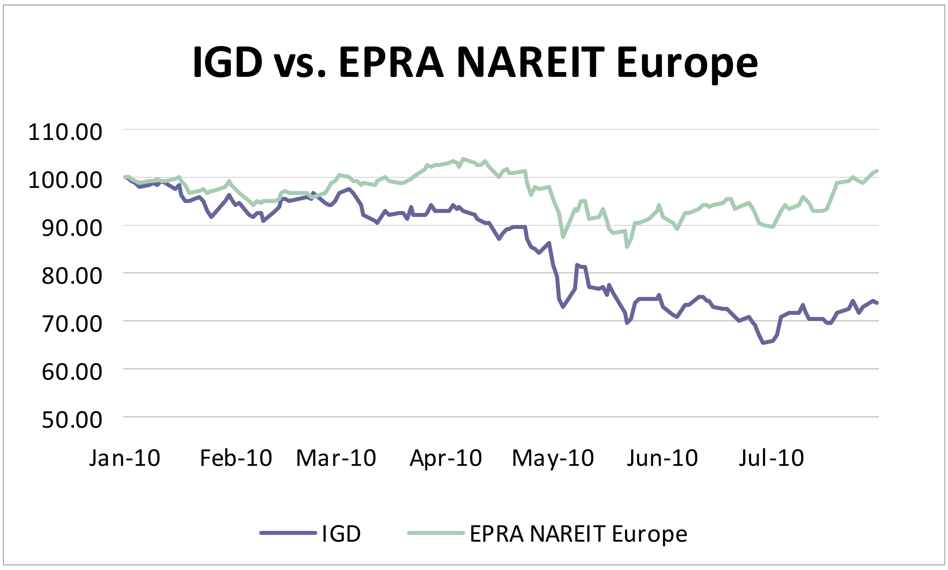
The Stock's Performance

In the first six months of 2010, the prices of stocks listed in the European real estate sector and included in the EPRA NAREIT Europe index fell by an average of 7.5%; the decline was then completely erased in the month of July. With regard to IGD's stock, it performed in line with the index through March and then showed greater weakness: the stock closed the first half down by 31%, dropping from €1.59 on 4 January to the €1.10 recorded on 30 June. IGD's stock also recovered in the month of July, after reaching a low for the period of €1.05 on 2 July, but to a lesser degree than the sector index. The chart below shows that overall IGD's stock underperformed the EPRA NAREIT Index in the first few months of the year.

This underperformance reflects international investors' extremely negative view of the Mediterranean countries and the perception of significant country risk across the board which, with regard to Italy, is without foundation. The negative perception of the Italian real estate sector is, on the other hand, a different matter as it does, in fact, have problem areas. This could have influenced the decision to not invest in the sector in Italy, and perhaps not even in IGD, despite the Company's solid fundamentals.

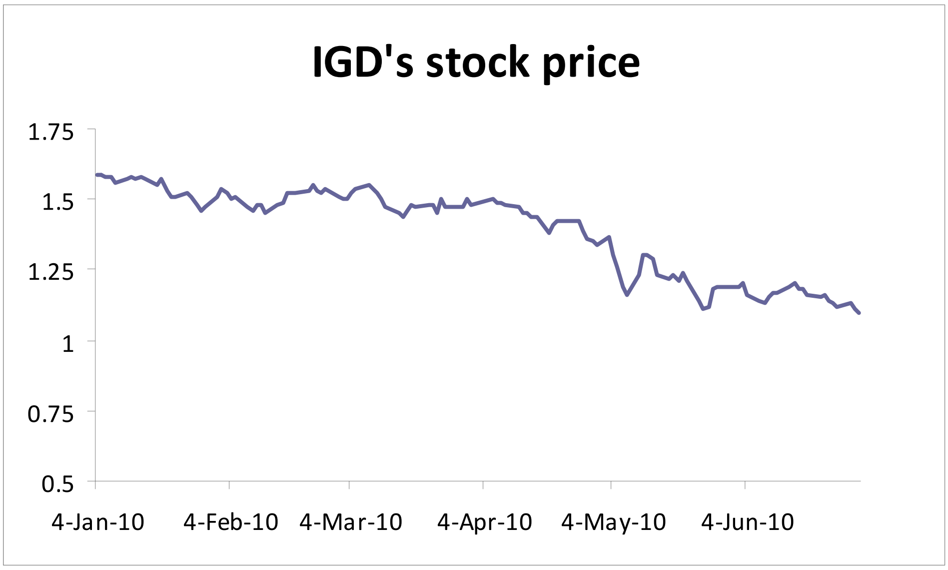
Lastly, it is likely that IGD's stock was impacted by the sale of positions of passive investors who possessed portfolios linked to the GPR (Global Property Research) 250 REIT Index; as of June IGD, following the most recent review of the first 250 REITs, is no longer part of this index given its diminished liquidity.

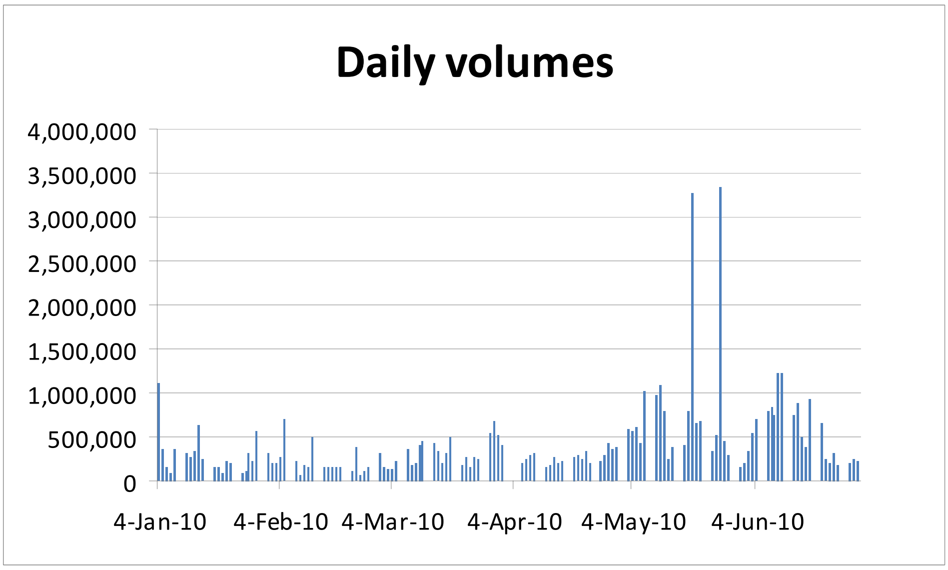
PERFORMANCE OF IGD'S STOCK COMPARED WITH THE EUROPEAN REAL ESTATE SECTOR'S INDEX (BASE 2.1.2010 = 100)



Source: EPRA

The following shows the changes in IGD's stock price in absolute terms and the volumes traded in the first six months of 2010.





The average volume traded in the first six months of 2010, with the exception of 2 highs of more than three million shares recorded in May, was 424,000 shares per day, down with respect to the average volume traded in the first six months of 2009 of 619,000 shares per day.

IGD continues to have ample coverage, at the moment 8 brokers (4 in Italy and 4 abroad) cover the stock with an average target price of around €1.6.

During the first six months of the year two presentations (conference calls) were held in order to discuss the results for full year 2009 and first quarter 2010.

The Company also organized roadshows in Paris, Edinburgh, London, Amsterdam, the Hague and Brussels, participated in the STAR Conference organized by the Italian Stock Exchange held in Milan and accompanied numerous investors during visits to the company's shopping centers.

THE NAV

		1H 2010	FY'09
Market value freehold properties	a	1,776.86	1,724.86
Investment property, land and development	b	1,774.52	1,726.02
Potential capital gains	**c=a-b**	**2.34**	**(1.17)**
Equity		748.99	747.53
Value of treasury shares (incl commissions)		22.25	22.25
Adjusted equity	**h**	**771.24**	**769.79**
Current price of IGD shares	30-Jun-10	**1.10**	**1.56**
Potential capital gains (losses) on treasury shares	**d**	**(10.07)**	**(5.02)**
Total capital gains	**e=c+d**	**(7.73)**	**(6.18)**
NAV	**f=e+h**	**763.52**	**763.60**
Number of shares	g	309.25	309.25
NAV per azione	**f/g**	**2.47**	**2.47**
Tax rate		27.6%	27.9%
Total net capital gain	**i**	**(8.37)**	**(5.86)**
NNAV	**l=h+i**	**762.87**	**763.93**
NNAV per share	**m=l/g**	**2.47**	**2.47**

In the NAV calculation, the potential capital gain of €2.34 million relates to assets under construction, assets held for trading (recognized in the financial statements at the lowest between cost and fair value) and the Darsena City property, recognized in the financial statements under assets under construction at the lowest between cost and fair value and in light of guarantees issued by the seller.

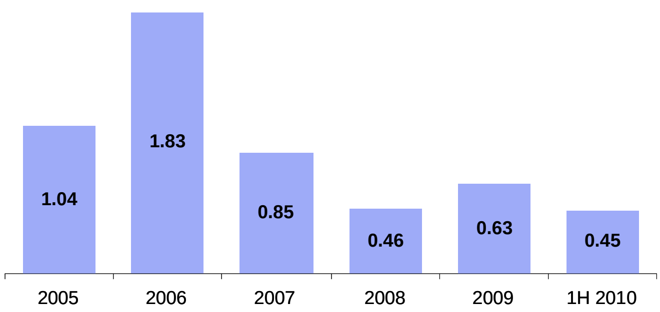
Both the NAV and the NNAV remained stable with respect to 31 December 2009 despite the fact that the drop in the stock's price generated a potential capital loss of approximately €10.07 million.

Please note that the NAV is static and does not take into account the preliminary agreements signed to date nor the down payments which are recognized under assets under construction.

The tax rate is the same as the IRES rate (27.5%) and the one-off IRAP rate to which IGD SIIQ is subject.

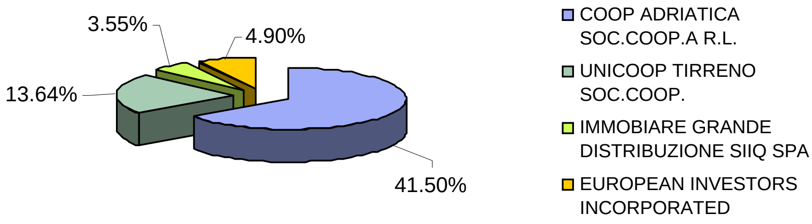
The chart below shows the share price (on the last day of the year or the period under examination)/NNAV ratio from 2005 through 30 June 2010.

PRICE SHARE//NNAV



The Shareholders

The shareholder base was largely unchanged in first half 2010.



Main Events at 30 June 2010

Corporate Events

On 11/03/2010 the Board of Directors passed a motion, requiring approval by the general meeting of the bondholders and shareholders, to modify the terms and conditions of the €230 million convertible bonds issued by the company as per resolution of 25 June 2007, as follows:

1) extension of the maturity of the convertible bonds from 28 June 2012 until 28 December 2013;
2) interest rate raised from 2.50% (final annual payment on 28 June 2010) to 3.60% (act/act), half-yearly, first payment on 28 December 2010) and coupon to be paid on a half-yearly rather than on an annual basis;
3) reduction of the conversion price from €4.93 to €2.75 ;
4) change of the nominal maximum amount of the capital increase from €46,653,144 to 83,636,364.

On 22 April, the meeting of the bondholders approved the following amendments to the terms and conditions of the €230 million bond loan ("*€230,000,000 2.50% convertible bonds due 2012*") convertible in ordinary shares of IGD, issued by the company per resolution of 25 June 2007. More in detail, the amendments approved at the meeting of the bondholders, effective as of 28 June 2010, include:

- ✓ **maturity**: extended from 28 June 2012 until 28 December 2013
- ✓ **coupon**: interest rate raised from 2.50% (final annual payment on 28 June 2010) to 3.60% (act/act), half-yearly, first payment on 28 December 2010)
- ✓ **conversion price**: reduced from €4.93 to €2.75. The share capital approved, therefore, rose from €355,902,405 to €392,885,625.
- ✓ **consequent changes to the bond regulations and the trust deed.**

On the same date the Shareholders' Meeting, in ordinary session, approved the 2009 financial statements, as well as the increase of the fees to be paid the external auditors Ernst & Young S.p.A. for the period 2009-2012 and the substitution of a director.

The Shareholders' Meeting, in extraordinary session, approved the amendments to the terms and conditions of the bond loan, effective 28 June 2010 and, more specifically to: a) increase the nominal amount of the capital increase from €46,653,144 to €83,636,364; b) increase the maximum number of shares to be issued from 46,653,144 to 83,636,364; and c) reduce the issue price from € 4.93 to € 2.75.

The external auditors Reconta Ernst & Young issued an opinion regarding the fairness of the share issue price pursuant to Art. 158 - TUF. Changing the terms and conditions of the bond loan will help the IGD Group keep its sources of funding suitably balanced and to align the expiration of the bond loan with that of the Group's 2009/2013 business plan limiting the Group's cost of debt. The impact of the transaction on the income statement, balance sheet and financial position is, therefore, in line with the group's business plan 2009/2013.

The Shareholders' Meeting, in extraordinary session, also granted the Board of Directors the powers, pursuant to Art. 2365 of the Italian Civil Code, to amend the bylaws in order to comply with current norms and regulations This granting of this power, in accordance with Art. 2365 of the Italian Civil Code, will make it possible to simplify corporate procedures.

In **May** 2010 IGD's Board of Directors approved the merger by incorporation in Igd Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. of Faenza Sviluppo – Area Marcucci srl, wholly-owned and owner of the Le Maioliche Shopping Center opened in June 2009 and on 28 June shareholders approved the above mentioned merger in a meeting held in extraordinary session.
The merger transaction is in line with the Group's reorganization strategy designed to rationalize and improve the efficiency of its corporate structure.

Investments

In first half 2010 the IGD Group continued with the development outlined in the Business Plan.
With regard to the activities related to the new "Porta a Mare" real estate complex in Livorno, which will include residential areas, shopping, services, and accommodations, the first lot of urbanization works was completed; work continued on the restructuring and pre-letting of Palazzo Orlando.
On 28 April IGD, through its wholly owned subsidiary Immobiliare Larice S.r.l., signed a preliminary agreement for the sale of a 20% interest in the subsidiary Porta Medicea S.r.l. to CMB, Cooperativa Muratori e Braccianti of Carpi, a premier domestic construction company active in real estate development. The transaction was valued at €13.1 million and the deal closed on 11 May 2010. The transaction, which is in line with the 2009-2013 business plan presented by the IGD Group in November 2009, will result in the entry of an industrial partner in the development of Livorno's Porto Medicea and the consequent splitting of the investment risk. The transaction will also make it possible for the IGD Group to realise a capital gain of €1.2 million with respect to the book value of the interest sold. Today IGD holds 60% of Porta Medicea's capital through the holding company Immobiliare Larice S.r.l.
Following its entry into Porta Medicea S.r.l.'s share capital, CMB will be involved in Project Management and act as General Contractor, as well as advisor during the marketing of the real estate project. The development of Livorno's seafront, near the old town, calls for a total investment of more than €200 million with real estate development of more than 70,000 m^2 GLA (gross lettable area) where a quality, multifunctional area which will include services, accommodations, residential and commercial areas is to be built.

On 29 April IGD, through its wholly owned subsidiary Millennium Gallery S.r.l. Unipersonale, signed a contract with a private party for the purchase of a retail sales division involved in the sale of non food

products and a food and beverage services division, both of which operate inside the “Millennium Center” in Rovereto (Trento).
The total investment for the purchase of the two business divisions, including the real estate assets and accessory charges, amounted to €2.5 million.

Following this transaction, together with the divisions purchased beginning in February 2007, the IGD Group will hold approximately 40% of the entire “Millennium Center” Shopping Center.

In May the Group finalized the purchase of 10% of Win Magazine S.A.. Immobiliare Larice S.r.l., which already controlled 90% of the capital, acquired 9.9% and IGD SIIQ 0.1%. The transaction value amounted to €**21 million.** The price was determined on the basis of net equity adjusted for asset value as per CBRE’s appraisal at 31/12/2009 with a discount of approximately 2.8% given the early exercise of the Put, exercisable between 1 April 2011 and 30 September 2011 .

On 15 June 2010 the definitive contract was formalized for the purchase of the mall to be found in the “Torre Ingastone “ Shopping Center in Palermo, currently in the process of being completed by Cogei Costruzioni Spa. The investment in the Palermo shopping mall will amount to approximately €51.4 million plus taxes, €43.8 million of which IGD has already paid as the work progressed, in accordance with the preliminary contract signed on 15 December 2005.
The new shopping mall, which should be opened by the end of 2010, will have a GLA of 14,403.40 m^2 comprised of 62 stores, 5 of which midsize. The pre-letting of the mall is proceeding with very satisfying results and the mall should be opened by the end of 2010.

Work was also begun on the midsize areas to be found in the future retail park in Conegliano which should be completed by the end of 2010; the authorization necessary to begin work on the shopping center in Chioggia was also obtained.

On 30 June 2010 the preliminary contract signed in May 2008 for the purchase of a shopping mall in Gorizia was cancelled. The contract was cancelled as a delay in the issue of building licenses by the authorities would have lengthened the completion time thus making the project less attractive vis-à-vis the targets outlined in the IGD Group’s 2009-2013 Business Plan. This plan favours a focus of financial resources on projects which have more stable, quicker completion times and, thus, greater cash flow generation capacity in the near term.
Following cancellation of the contract the entire deposit made of €7.35 million was reimbursed.

INCOME STATEMENT REVIEW

The IGD Group closed first half 2010 with a consolidated net profit of €14,031 thousand, an increase of 96.86% with respect to the first half of the prior year, thus confirming the good results reported in the first quarter. A summary of the results is shown below:

CONSOLIDATED STATEMENT OF INCOME	2009 1H	2010 1H	Δ	%
Revenues from freehold properties	48,656	49,780	1,124	2.31%
Revenues from leasehold properties	4,478	4,094	(384)	(8.57%)
Revenues from services	3,737	2,202	(1,535)	(41.08%)
Corporate revenues	0	96	96	n.a.
Operating Revenues	**56,871**	**56,172**	**(699)**	**(1.23%)**
Other revenues	3,418	3,358	(60)	(1.76%)
TOTAL REVENUES	**60,289**	**59,530**	**(759)**	**(1.26%)**
Income pertaining to assets under construction	(768)	141	909	(118.31%)
Other costs	(3,418)	(3,358)	60	(1.76%)
Direct costs	(12,297)	(9,811)	2,486	(20.22%)
Headquarter personnel costs	(1,621)	(1,634)	(13)	0.80%
Divisional gross margins	**42,185**	**44,868**	**2,683**	**6.36%**
General expenses	(2,271)	(2,367)	(96)	4.24%
Headquarter personnel costs	(2,923)	(2,724)	199	(6.79%)
EBITDA	**36,991**	**39,777**	**2,786**	**7.53%**
Depreciation	(368)	(431)	(63)	17.06%
Devaluation	(3,792)	(2,907)	885	(23.35%)
Change in Fair Value	(7,991)	(4,167)	3,824	(47.85%)
EBIT	**24,840**	**32,272**	**7,432**	**29.92%**
Financial Income	2,060	2,350	290	14.08%
Fincancial charges	(19,233)	(19,091)	142	(0.74%)
Net financial Income	**(17,173)**	**(16,741)**	**432**	**(2.51%)**
Net equity investments Income	**0**	**0**	**0**	**n.a.**
PRE-TAX INCOME	**7,667**	**15,531**	**7,864**	**102.57%**
Income tax for the period	(540)	(1,522)	(982)	181.71%
NET PROFIT	**7,127**	**14,009**	**6,882**	**96.56%**
Losses related to third		22	22	n.a.
NET GROUP PROFIT	**7,127**	**14,031**	**6,904**	**96.86%**

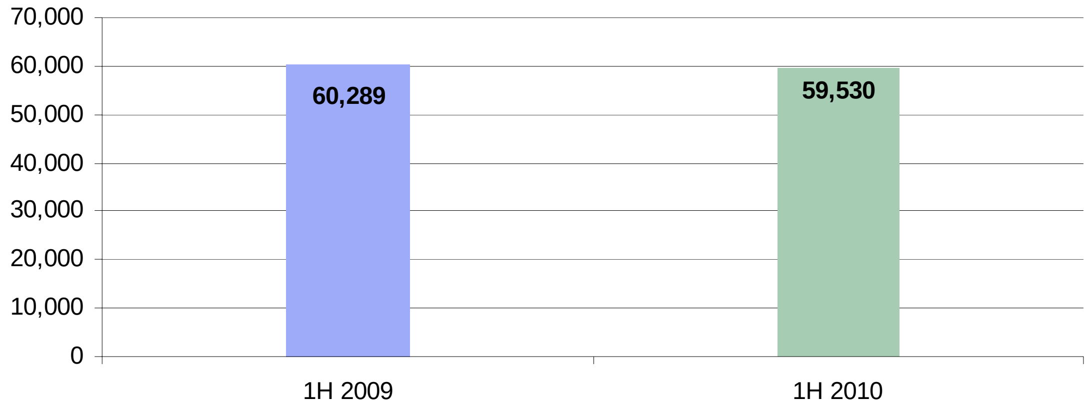
Certain 2009 cost and revenue items have been reclassified.

Revenues

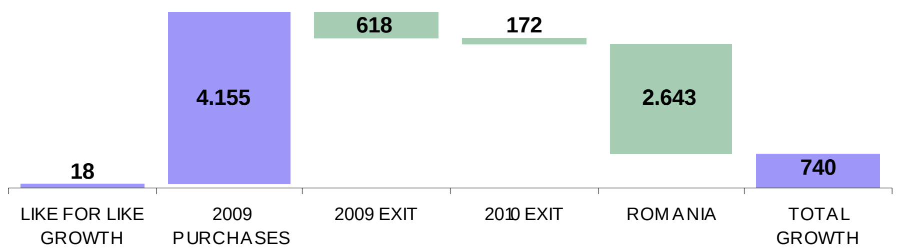
At June 2010 the Group had earned revenues of €59,530 thousand, a slight drop of 1.26% with respect to the prior year.

The decrease is explained by the non-recurring revenues generated in connection to the two new openings which took place in the first half of the prior year, while the growth trend for all recurring revenues (rental/lease income and facility management) was confirmed.

Total revenues



✓ The **revenues from the rental business** rose 1.39% with respect to the same period in 2009.



The increase of €740 thousand is attributable to:

- for €4,155 thousand to the new openings and acquisitions made in 2009 (the Tiburtino Shopping Center, opened on 2 April 2009; the Katanè Shopping Center opened on 5 May 2009; the Le Maioliche Shopping Center acquired on 8 October 2009; the I Bricchi Shopping Mall, opened on 3 December 2009, for which pre-letting is still underway). The growth in recurring revenues was limited by the effect of the non-recurring revenues of approximately €3,000 thousand associated with the new openings made in first half 2009.
- The positive effect of the above was impacted by a decrease of €3,433 thousand attributable to:
    - for €618 thousand to the cancellation of the rental agreement for the hypermarket in Centro Nova effective as of 1 March 2009. Please note that the lack of revenues from Iper Nova was offset by a drop in rental charges;
    - for €172 thousand to the disposal of the business division in San Ruffillo effective 1 January 2010;
    - for €2,643 thousand to a drop in sales in Romania due to:
        - the critical situation of the Romanian market which impacted the occupancy rate (greater vacancies) and the decline in the average market rents which affected the contract renewals;
        - the strategy to further consolidate the portfolio which resulted in the inclusion of national and International retailers who pay lower rents.

Revenues from services. This type of revenue is comprised of both recurring (facility management) and non-recurring revenues linked to the opening of the new shopping centers and the relative marketing contracts and pilotage. The revenues from facility management, which amounted to €2,133 thousand, represent 96.90% of the total revenues from services generated in first half 2010 and rose 10.00% with respect to the same period in the prior year due to the mandates granted in relation to the new openings. The decline in non-recurring revenues with respect to 30 June 2009 of 41.08% is largely attributable to the drop in pilotage revenues which in the previous year reached approximately €1,700 thousand; please note there was also, consequently, a drop in the pilotage costs.

- ✓ The **corporate revenues** include the fees received for services provided and the capital gain from the disposal of the “San Ruffillo” division.

- ✓ **Other revenues,** which amounted to €3,358 thousand, include chargebacks which are completely offset by items found under “Other costs”.

Margins

The divisional gross margin increased by 6.36%, rising from €42,185 thousand in first half 2009 to €44,868 thousand in 2010. The table below shows the income statement highlights and the trend in margins at 30 June:

STATEMENT OF CONSOLIDATED INCOME	1H 2009	1H 2010	Δ	%
Margin from freehold properties	41,739	43,294	1,555	3.73%
Margin from leasehold properties	458	826	368	80.23%
Margin from services	756	511	(245)	(32.44%)
Corporate margin	0	96	96	n.a.
Income pertaining to assets under construction	(768)	141	909	(118.31%)
DIVISIONAL GROSS MARGIN	**42,185**	**44,868**	**2,683**	**6.36%**
Headquarter personnel costs	(2,923)	(2,724)	199	(6.79%)
General expenses	(2,271)	(2,367)	(96)	4.24%
EBITDA	**36,991**	**39,777**	**2,786**	**7.53%**
Depreciation	(368)	(431)	(63)	17.06%
Devaluation	(3,792)	(2,907)	885	(23.35%)
Change in Fair Value	(7,991)	(4,167)	3,824	(47.85%)
EBIT	**24,840**	**32,272**	**7,432**	**29.92%**
Financial Net Margin	(17,173)	(16,741)	432	(2.51%)
Margine gestione straordinaria	0	0	0	n.a.
PRE-TAX INCOME	**7,667**	**15,531**	**7,864**	**102.57%**
Income tax for the period	(540)	(1,522)	(982)	181.71%
NET PROFIT	**7,127**	**14,009**	**6,882**	**96.56%**
Losses related to third		22	22	n.a.
NET GROUP PROFIT	**7,127**	**14,031**	**6,904**	**96.86%**

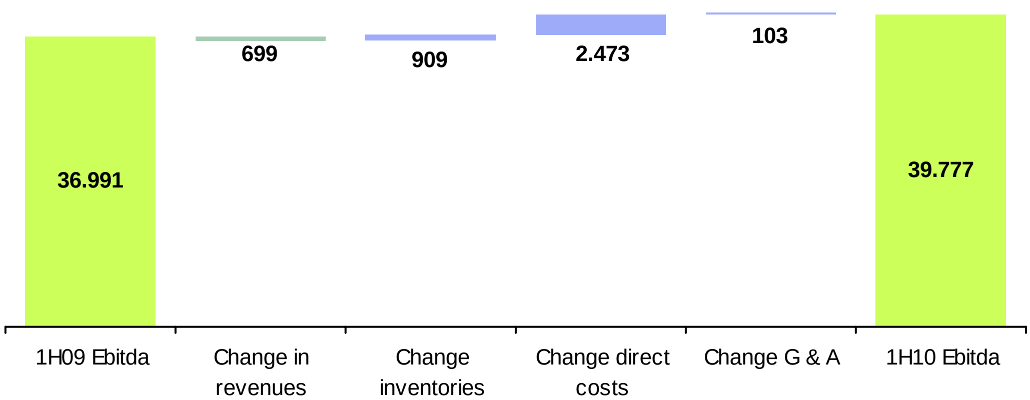
- ✓ **SBU 1 - Property leasing - margin from freehold properties:** this margin in first half 2010 reached €43,294 thousand, compared with €41,739 thousand in same period of the prior year (+3.73%). In percentage terms, this activity featured very interesting margins of 86.97% versus 85.78% in the prior year. Revenues increased 2.31% while direct costs fell more than proportionately by 6.23%. The growth in revenues was offset by the lack of non-recurring revenues generated in first half 2009 as mentioned previously. The reduction in direct costs relates primarily to the start-up of centers, personnel of the Romanian companies and other operating costs.

- ✓ **SBU 1 - Property leasing – margin on leasehold properties:** the margin, of €826 thousand, rose 80.23% with regard to the same period in the prior year. As a percentage of revenues it rose from 10.23% in 2009 to 20.17% due to a combined effect of an increase in revenues from malls and a drop in operating costs.

- ✓ **SBU 2 – Services - margin from service businesses:** the margin from services at June 2010 amounted to €511 thousand, a decrease with respect to June 2009 of 32.44%. This activity features low capital absorption and generated a margin which reached 23.20% versus 20.23% in the prior year. The drop in revenues of 41.08%, due to the lack of pilotage revenues which reached approximately €1,700 thousand in first half 2009, was accompanied by a 43.31% decline in costs due primarily to the lack of pilotage costs.

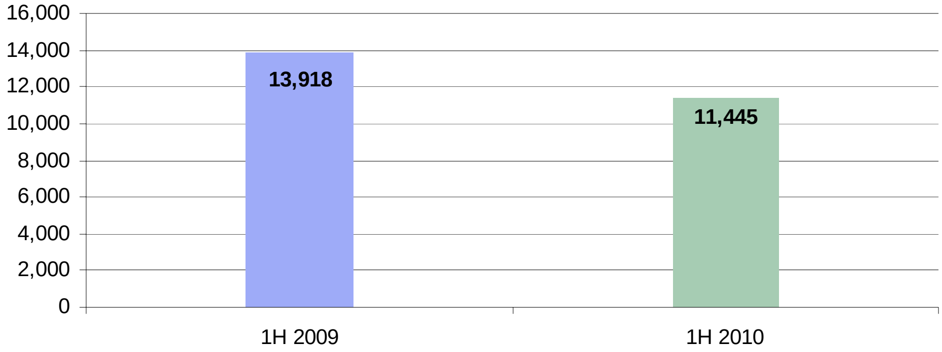
EBITDA

EBITDA in first half 2010 reached € 39,777 thousand, an increase with respect to the same period in the prior year of 7.53%.



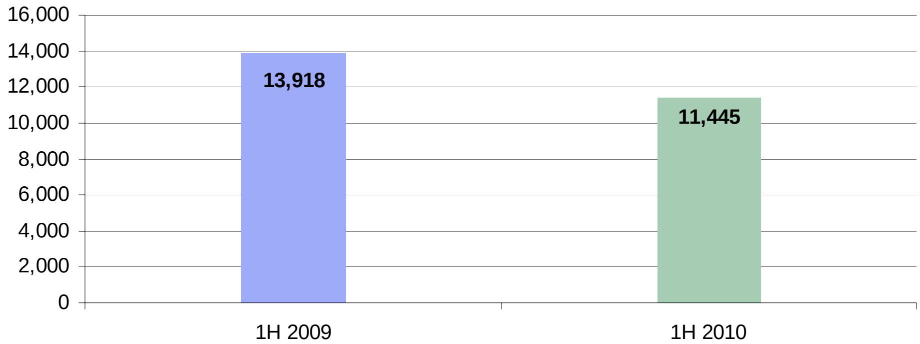
Direct costs, including direct personnel expenses, fell 17.77% on the same period of the prior year to €11,445 thousand, testimony to renewed efficiency. These costs represent 20.37% of the operating revenues.

Direct costs



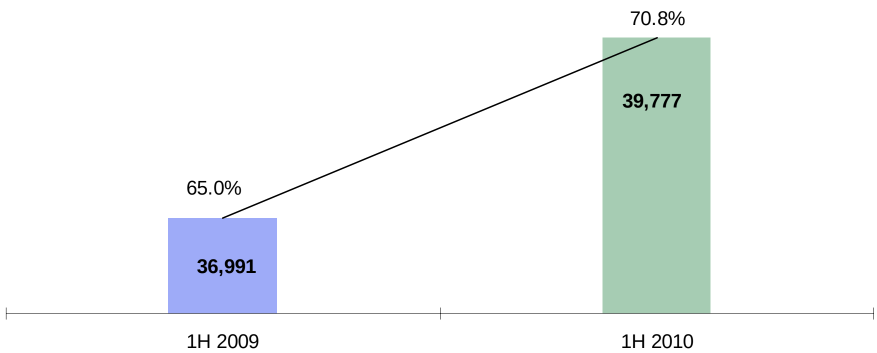
General expenses, including payroll costs at headquarters, in first half 2010 fell €103 thousand with regard to the €5,194 thousand recorded in the same period 2009 to €5,091 thousand. These costs represent 9.06% of the operating revenues, an improvement when compared to the same period in the prior year of 0.20%.

General expenses



EBITDA MARGIN, calculated as a percentage of operating revenues rose from 65.04% to 70.81% in first half 2010. The strong growth of approximately 6 percentage points is testimony to the solid operating performance and the continuously improving cost structure.

Ebitda and Ebitda Margin



EBIT

EBIT amounted to €32,272 thousand, an increase with respect to first half 2009 of 29.92% due to the trend in Ebitda and the drop in property writedowns which amounted to approximately 0.40% of the real estate portfolio's value. This result confirms the solidity of the Group's real estate assets, as well as the composition and quality of the existing portfolio.

Net financial income (charges)

Financial charges fell from €17,173 thousand in first half 2009 to €16,741 thousand in first half 2010, despite an increase in the net financial position which rose from €897,998 thousand at 30 June 2009 to €1,023,018 thousand at 30 June 2010. The positive change of 2.51%, is due primarily to the lower cost of capital.

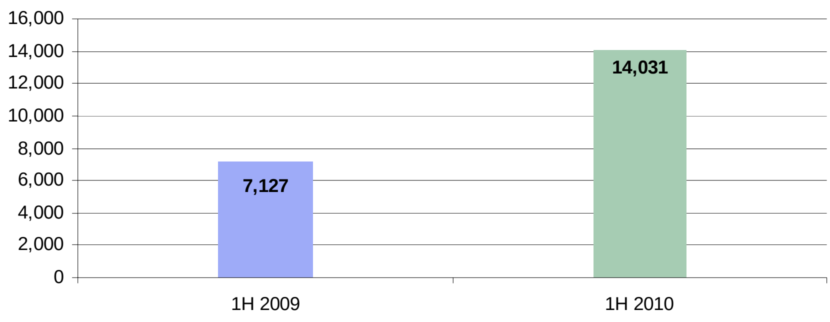
Tax

Tax, both current and deferred, totalled €1.52 million at 30 June 2010, reflecting a tax rate of 8.22%, net contingencies, thanks to the positive effects of the SIIQ regime.

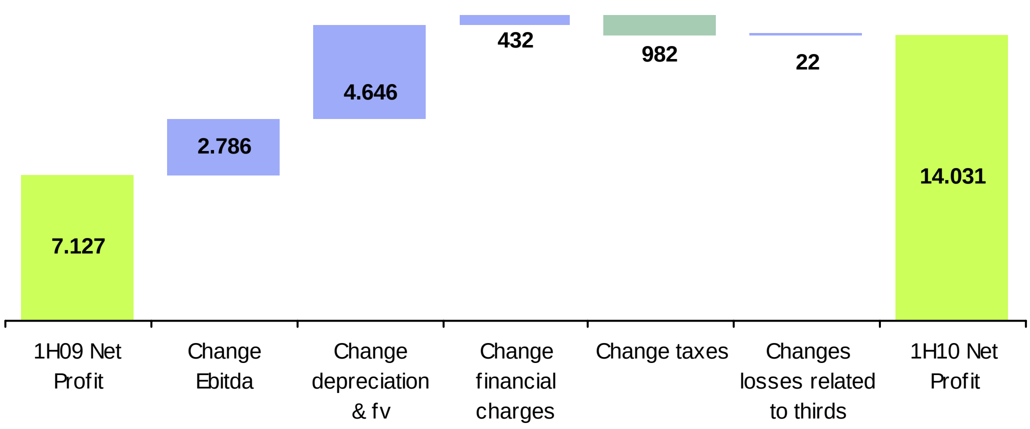
Net profit

The Parent Company's portion of net profit for the period rose 96.8% with respect to the same period in the prior year to €14,031 thousand.

Net profit

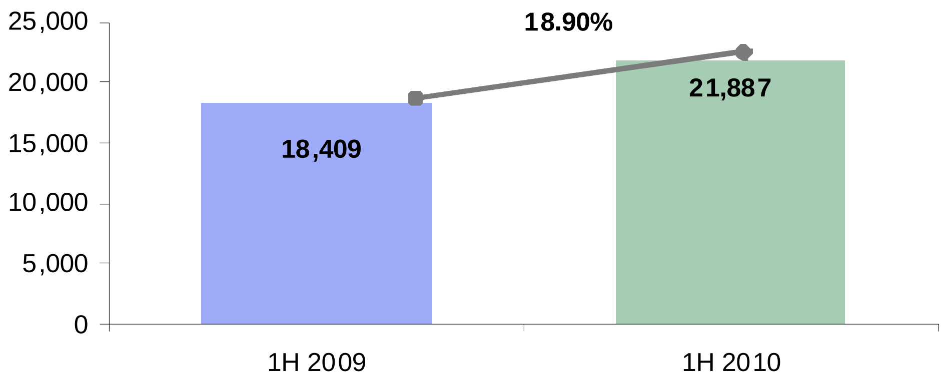


The change in net profit with respect to the previous half is shown below.



FFO

FFO (Funds From Operations), an important indicator used in the real estate market, defines cash flow based on the net profit net tax, writedowns, impairment, fair value, amortization and depreciation. The figure rose by 18.90% with respect to first half 2009.



STATEMENT OF FINANCIAL POSITION AND FINANCIAL REVIEW

The IGD Group's statement of financial position at 30 June 2010 can be summarized as follows:

SOURCE-USE OF FUNDS	30-giu-10	31-dic-09	Δ	%
Fixed assets	1,772,567	1,760,342	12,225	0.69%
Net working capital	78,519	96,500	-17,981	-18.63%
Other non-current liabilities	-79,077	-81,492	2,415	-2.96%
TOTAL USE OF FUNDS	**1,772,009**	**1,775,350**	-3,341	-0.19%
Equity	748,991	747,533	1,458	0.20%
NFP	1,023,018	1,027,817	-4,799	-0.47%
TOTAL SOURCE OF FUNDING	**1,772,009**	**1,775,350**	-3,341	-0.19%

The principal changes in first half 2010, compared to 31 December 2009, are summarized below:

- ✓ **Fixed assets** rose from €1,760,342 thousand at 31 December 2009 to €1,772,009 thousand at 30 June 2010; the change of €12,225 thousand is explained by increases and decreases in:
  - ✓ **Goodwill (+€453 thousand).** The change is explained by the expanded perimeter of consolidation following the purchase of 10% of Winmagazin S.A. following early exercise of the Put on this interest. There was a decrease attributable to the sale of the business division San Ruffillo to Coop Adriatica.
  - ✓ **Real estate investments (-€360 thousand).** The change relates to the purchase of the two company divisions (at Millennium Center), to works which were completed and to a decrease in the fair value of the real estate investments.
  - ✓ **Assets under construction** (+€7,673 thousand). The change is primarily attributable to: increases due to:
    - ✓ the purchase of the "Torre Ingastone" Shopping Mall being built in Palermo;
    - ✓ the progression of the work on the midsize areas in the future retail park being built in Conegliano;
    - ✓ the restyling of the Afragola center;
    - ✓ the progression of the work on the retail area of the multifunctional complex in Livorno;
    - ✓ extraordinary maintenance of a few shopping centers in Romania;
    - ✓ the capitalization of interest in accordance with IAS 23;

- ✓ reversal of impairment recognized in the prior year relating to the land where the shopping center is to be built in Chioggia .

Decreases due largely to:

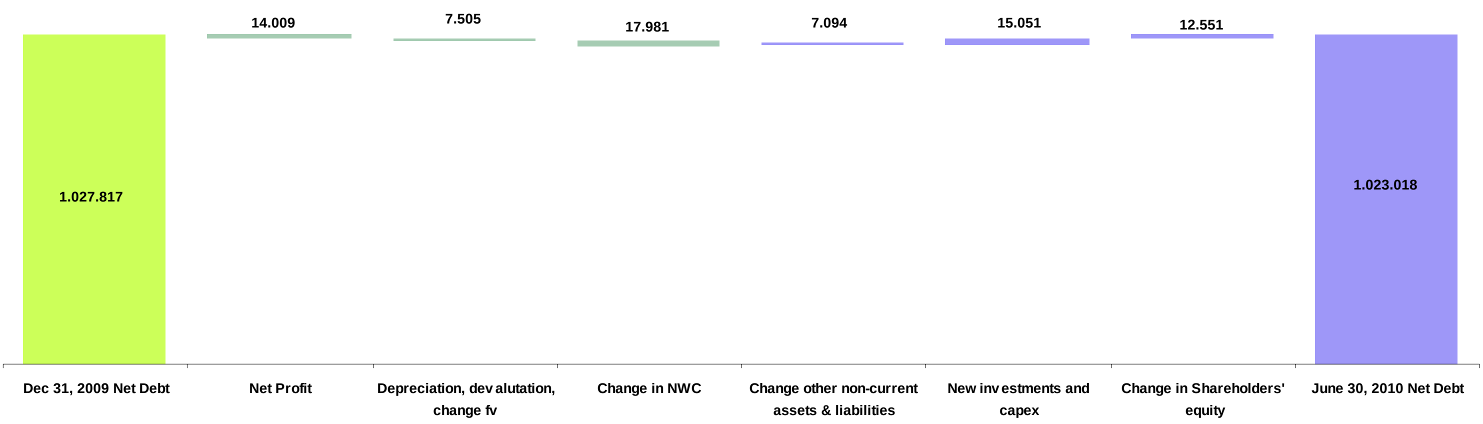
- ✓ cancellation of the preliminary contract for the purchase of a shopping mall in Gorizia;
- ✓ writedowns taken in order to align the carrying value of the plots of land and the work in progress with the lower between cost and the appraised fair value.

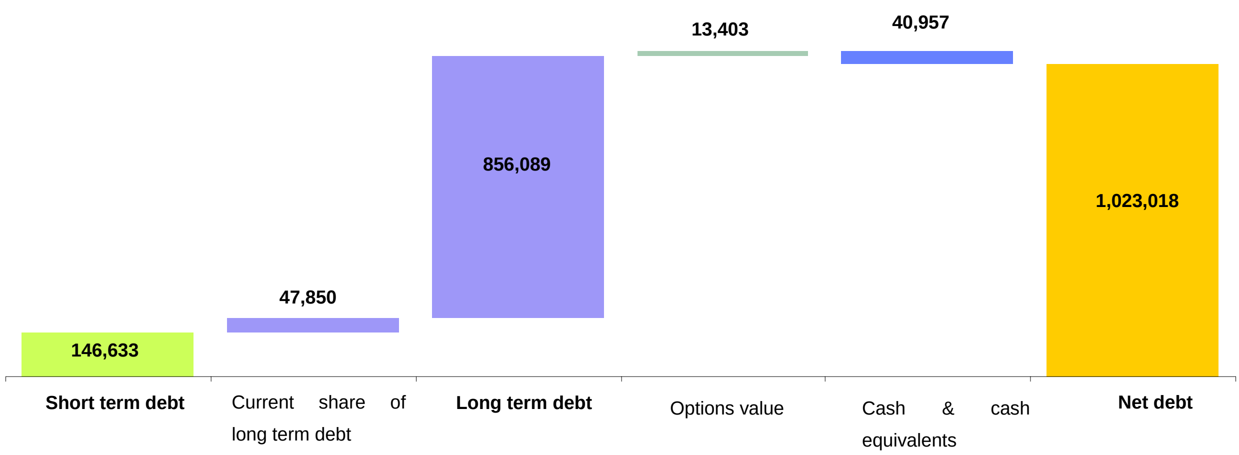
- ✓ **Deferred tax assets** (+€5,565 thousand). The change is primarily due to:
  - ➢ Recognition of deferred tax related to mortgage hedging instruments (IRS);
  - ➢ recognition of deferred tax related to the writedowns of work in progress;
  - ➢ recognition of deferred tax related to fair value adjustment of real estate investments.
- ✓ **Net working capital** (-€17,981 thousand). The change is explained by:
  - ➢ for +€1,970 thousand in inventories for work in progress related to the areas, buildings and urbanization works under construction at the site of the multifunctional complex in Livorno;
  - ➢ for +€1,338 thousand to the increase in trade receivables, net provisions for doubtful accounts, in line with the increase in sales;
  - ➢ for -€17,349 thousand for other current assets; the decrease is attributable the reclassification of VAT credits (paid on 31 July 2010) under the heading current financial receivables;
  - ➢ for +€2,199 thousand to a decrease in trade payables;
  - ➢ for -€2,403 thousand to an increase in current tax liabilities relating to the dividends paid by the Parent Company and income tax owed by the Romanian companies;
  - ➢ for -3,731 thousand by an increase in other current liabilities following the refund of security deposits and suspended revenues pertaining to the centers to be opened.
- ➢ **Other non-current liabilities.** (+2,415 thousand). The change is explained by:
  - ➢ Recognition of deferred tax attributable primarily to the fair value adjustments of the real estate investments (- €3,714 thousand);
  - ➢ reclassification of the substitute tax equal to €6,160 thousand to be paid by 16 June 2011 under current liabilities.
- ✓ **Equity** at 30 June 2010 amounted to €748,991 thousand. The change of +€1,458 thousand is explained by:
  - ➢ the distribution of the 2009 profit of €14,914 thousand;
  - ➢ the decrease in the derivatives accounted for using the cash flow hedge method;
  - ➢ changes in the translation reserve for the translation of foreign currency financial statements;
  - ➢ the Parent Company's shareholders portion of the net profit for the period;
  - ➢ recognition of the capital gain following the disposal of 20% of the subsidiary Porta Medicea s.r.l.;
  - ➢ the changes made to the convertible bond loan.

- ✓ **Net financial position** at 30/06/2010 rose by €4,799 thousand with respect to the prior year. The changes are broken down in the following table:

NET FINANCIAL POSITION	30/06/2010	31/12/2009
Cash and cash equivalents	(14,614)	(35,856)
Related party financial receivables and other current financial assets	(2,093)	(688)
Financial receivables and other current financial assets	(24,250)	0
LIQUIDITY	**(40,957)**	**(36,544)**
Current financial liabilities with related parties	25,531	25,741
Current financial liabilities	121,102	124,551
Mortgage loans - current portion	45,912	42,611
Leasing – current portion	1,894	1,868
Convertible bond loan - current portion	44	2,930
CURRENT DEBT	**194,483**	**197,701**
CURRENT NET DEBT	**153,526**	**161,157**
Non-current financial assets	(19)	(19)
Non-current financial liabilities due to other sources of finance	43,922	63,536
Leasing – non-current portion	15,798	16,741
Non-current financial liabilities	554,396	544,904
Non-current financial liabilities with related parties	15,000	15,000
Convertible bond loan	212,340	211,783
Derivatives	28,055	14,715
NON-CURRENT NET DEBT	**869,492**	**866,660**
NET DEBT	**1,023,018**	**1,027,817**

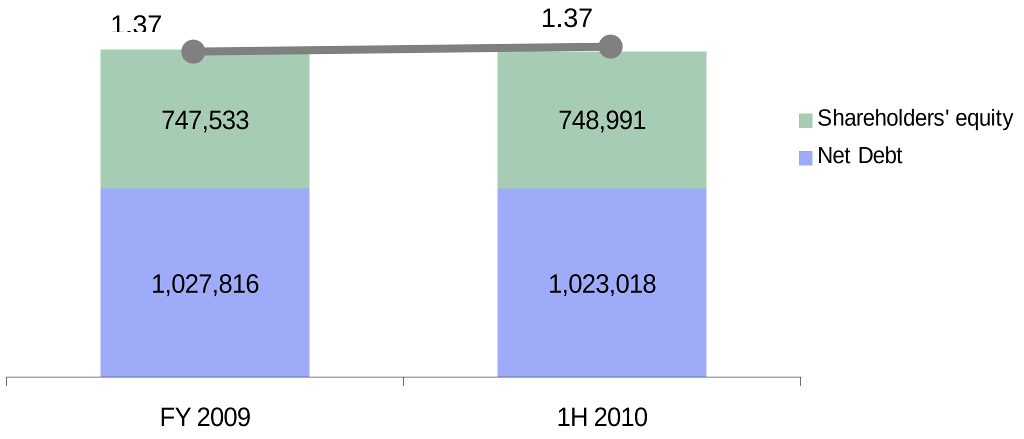
(table compliant with CONSOB Circular n. 6064293 of 28 July 2006)





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.

The graph below shows the gearing at 1.37, in line with 31 December 2009.



With regard to its finance policies, the Group is guided by the 2009-2013 Business Plan targets in terms of:
- a balanced financial structure: the Debt/Equity ratio is not expected to exceed 1.5;
- a balanced capital structure: most of the financing and relative hedges are long/medium term, in line with the structure of the Company's loans.

Currently 67.89% of the long term debt (including the convertible bond) is hedged against interest rate swaps and 52.85% of the entire net financial position is covered. The 2009-2013 Business Plan calls for maximum coverage of up to 60% of the net financial position. At this point in time management opted not to proceed with additional coverage as interest rates are not likely to be raised in the near term.
The average cost of debt amounted to 3.54%, basically unchanged with respect to 2009.
The credit lines granted totalled €327.5 million and at 30/06/2010 some €156 million had not been utilized.
Lastly, as mentioned previously, during the first half the Shareholders' Meeting approved the proposed changes to the conditions of the convertible bond loan extending the maturity from 28 June 2012 to 28 December 2013 (when the Business Plan also expires), raising the coupon from 2.5% to 3.5% and lowering the strike price from € 4.93 to €2.75.

SUBSEQUENT EVENTS

In the month of July the subsidiary Winmagazine S.A. and U.S. Food Network SA signed a new five-year commercial agreement based on which the second fast-food KFC will be opened in the shopping center in Buzau as part of the Winmarkt chain; the new fast food, which covers an area of 300 m^2, will be opened to the public at the beginning of October and strengthens the partnership entered into in 2005 with the opening in the shopping center in Ploiesti.
At the end of July a new Carrefour supermarket was opened in the shopping center in Alexandria (Romania); this opening coincided with the completion of the first phase of Winmarkt's commercial strategy the primary objective of which was to diversify its offering through the use of food anchors.
In the month of July the signing of the contract relative to the B zone of the shopping center in Beinasco was formalized, in accordance with the existing preliminary agreement.

OUTLOOK

Having overcome a particularly difficult 2009, the mood is cautiously optimistic even if, after signs of a recovery in the first few months of the year, the financial markets have now entered a new phase of uncertainty and volatility which persists today; this is accompanied by an increase in the unemployment rate with respect to 2009 and stagnant consumer spending, which also impacts our sector.

Despite a scenario of uncertainty which will likely continue through the second half of 2010, the IGD Group confirmed the development plan presented to the financial community in November 2009 which calls for the opening of two new shopping malls, in large part already pre-let, in Palermo in the “Torre Ingastone” Shopping Center and in Conegliano Veneto by the end of the year, as well as further investment in completing the work in progress and acquisitions.

With regard to the business, it is likely that 2010 will continue to be influenced by exogenous factors, outside of the company’s control, such as real estate market trends and valuations of the current real estate portfolio. We also expect to see further growth in EBITDA attributable to the centers opened in 2009 which will be fully operational in 2010 and an improvement in the cost structure, as well as a reduction in financial charges (for loans hedged by IRS) as forecasts indicate that rates will remain low through the second half and a lower tax due to treatment under the SIIQ regime.

Intercompany and Related Party Transactions

All transactions with related parties, including intercompany transactions, fall within the Group's ordinary sphere of operations and take place under arm's-length conditions. For more information regarding the transactions that took place during the first half please refer to Note 27 of the Notes to the Interim Condensed Consolidated Financial Statements.

Treasury Shares

At 30 June 2009 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 by the Parent Company to the seller as a guarantee for the delayed payment of the Gran Rondò Mall.

Research and Development

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

Significant Transactions

During first half 2010, 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.

THE IGD GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

Consolidated statement of income

(in €/000)	note	30/06/2010 (A)	30/06/2009 (B)	Change (A-B)
Revenues:	**1**	**53,699**	**52,911**	**788**
- from third parties		38,375	38,853	(478)
- from related parties		15,324	14,058	1,266
Other income:	1	5,831	7,378	(1,547)
- from third parties		5,528	7,189	(1,661)
- from related parties		303	189	114
Total operating revenues and income		**59,530**	**60,289**	**(759)**
Change in inventory for work in progress		1,971	2,255	(284)
Cost of work in progress		(1,830)	(3,023)	1,193
Income (loss) from work in progress	**2**	**141**	**(768)**	**909**
Material and service costs:		12,350	14,483	(2,133)
- third parties		10,814	13,129	(2,315)
- related parties		1,536	1,354	182
Cost of labor		3,826	3,954	(128)
Other operating expenses		3,718	4,093	(375)
Total operating expenses		**19,894**	**22,530**	**(2,636)**
EBITDA		**39,777**	**36,991**	**2,786**
(Depreciation & amortization)		(431)	(368)	(63)
Impairments (losses)/ reversals	3	(2,907)	(3,792)	885
Change in fair value - increases / (decreases)	3	(4,167)	(7,991)	3,824
Total amortization, depreciation, impairment and change in fair value		**(7,505)**	**(12,151)**	**4,646**
EBIT		**32,272**	**24,840**	**7,432**
Financial income		**2,350**	**2,060**	**290**
- from third parties		2,339	2,039	300
- from related parties		11	21	(10)
Financial charges		**19,091**	**19,233**	**(142)**
- with third parties		18,684	18,656	28
- with related parties		407	577	(170)
Net financial income (charges)	4	**(16,741)**	**(17,173)**	**432**
PRE-TAX PROFIT		**15,531**	**7,667**	**7,864**
Income taxes	5	1,522	540	982
NET PROFIT FOR THE PERIOD		**14,009**	**7,127**	**6,882**
Minorities' portion of the loss for the period		22	0	22
Parent company's portion of net profit for the period		**14,031**	**7,127**	**6,904**
- basic earnings per share for the year	6	0.047	0.024	
- diluted earnings per share for the year	6	0.053	0.038	

Consolidated statement of comprehensive income

(in €/000)	30/06/2010 (A)	30/06/2009 (B)
Profit for the period	**14,009**	**7,127**
Other components of comprehensive income		
Effects on equity of hedging instruments	(13,061)	(3,903)
Tax effects on components of comprehensive income	3,592	1,073
Effects on equity transactions with third parties	1,202	0
Other effects on components of comprehensive income	(1,290)	361
Total other components of comprehensive income, net of tax effects	**(9,557)**	**(2,469)**
Total comprehensive income for the period	**4,452**	**4,658**
Minorities' portion of the loss for the period	22	0
Parent company's portion of net profit for the period	**4,474**	**4,658**

Consolidated statement of financial position

(in €/000)	Note	30/06/2010 (A)	31/12/2009 (B)	Change (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
- Intangible assets with a finite useful life		89	120	(31)
- Goodwill	7	12,469	12,016	453
		12,558	**12,136**	**422**
Property, plant, and equipment				
- Investment property	8	1,586,455	1,586,815	(360)
- Buildings		7,765	7,860	(95)
- Plant and machinery		1,054	1,012	42
- Equipment and other assets		1,494	1,532	(38)
- Leasehold improvements		1,569	1,667	(98)
- Assets under construction	9	140,072	132,399	7,673
		1,738,409	**1,731,285**	**7,124**
Other non-current assets				
- Deferred tax assets	10	17,725	12,160	5,565
- Sundry receivables	11	3,875	4,761	(886)
- Other non-current financial assets		19	19	0
		21,619	**16,940**	**4,679**
TOTAL NON-CURRENT ASSETS (A)		**1,772,586**	**1,760,361**	**12,225**
CURRENT ASSETS:				
Inventory for work in progress	12	57,078	55,108	1,970
Inventory		7	7	0
Trade and other receivables	13	13,238	12,033	1,205
Related party trade and other receivables	14	412	284	128
Other current assets	15	39,212	56,561	(17,349)
Financial receivables and other current financial assets with related parties	16	2,093	688	1,405
Financial receivables and other current financial assets	16	24,250	-	24,250
Cash and cash equivalents		14,614	35,856	(21,242)
TOTAL CURRENT ASSETS (B)		**150,904**	**160,537**	**(9,633)**
TOTAL ASSETS (A + B)		**1,923,490**	**1,920,898**	**2,592**
SHAREHOLDERS' EQUITY:				
parent company's share		737,094	747,533	(10,439)
minority interests		11,897	-	11,897
TOTAL SHAREHOLDERS' EQUITY (C)	17	**748,991**	**747,533**	**1,458**
NON-CURRENT LIABILITIES:				
Non-current financial liabilities	18	854,511	851,679	2,832
Non-current financial liabilities with related parties	18	15,000	15,000	0
Provision for employee severance indemnities		574	552	22
Deferred tax liabilities	10	51,886	48,028	3,858
Provisions for risks and charges		972	972	0
Sundry payables and other non-current liabilities		13,572	20,231	(6,659)
Sundry payables and other non-current liabilities with related parties		12,073	11,709	364
TOTAL NON-CURRENT LIABILITIES (D)		**948,588**	**948,171**	**417**
CURRENT LIABILITIES:				
Current financial liabilities	19	168,952	171,960	(3,008)
Current financial liabilities with related parties	19	25,531	25,741	(210)
Trade and other payables	21	10,991	12,277	(1,286)
Related party trade and other receivables	22	1,483	2,396	(913)
Current tax liabilities	23	9,911	7,508	2,403
Other current liabilities	24	6,759	5,142	1,617
Other current liabilities with related parties	25	2,284	170	2,114
TOTAL CURRENT LIABILITIES (E)		**225,911**	**225,194**	**717**
TOTAL LIABILITIES (F=D + E)		**1,174,499**	**1,173,365**	**1,134**
TOTAL EQUITY AND LIABILITIES (C + F)		**1,923,490**	**1,920,898**	**2,592**

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Legal reserve	Reserve for first-time adoption of IAS/IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Trans-lation reserve	Undistributed earnings reserve	Profit (losses) carried forward	Share-holders' equity	Minority interests	Total equity
Balance at 01/01/2009	**298,273**	**147,730**	**6,156**	**(965)**	**23**	**13,736**	**(856)**	**(7,986)**	**(11,276)**	**27,609**	**205,815**	**598**	**8,912**	**55,047**	**742,816**	**61**	**742,877**
Profit for the period														7,127	7,127		7,127
Other compre-hensive income (losses)							(2,075)					361	(755)		(2,469)		(2,469)
Total compre-hensive income (losses)							**(2,075)**					**361**	**(755)**	**7,127**	**4,658**		**4,658**
Change in scope of consolidation															**0**	(61)	**(61)**
Allocation of 2008 profit																	
- dividends														(10,440)	**(10,440)**		**(10,440)**
- effect of hedging ias/ifrs				965				7,986						(8,951)	**0**		**0**
- to undistributed earnings reserve													9,951	(9,951)	**0**		**0**
- to legal reserve			626											(626)	**0**		**0**
- to other reserves											20,867			(20,867)	**0**		**0**
															0	**0**	**0**
Balance at 30 June 2009	**298,273**	**147,730**	**6,782**	**0**	**23**	**13,736**	**(2,931)**	**0**	**(11,276)**	**27,609**	**226,682**	**959**	**18,108**	**11,339**	**737,034**	**0**	**737,034**

	Share capital	Share premium reserve	Legal reserve	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Trans-lation reserve	Undistributed earnings reserve	Profit (losses) carried forward	Share-holders' equity	Minority interests	Total equity
Balance at 01/01/2010	**298,273**	**147,730**	**6,782**	**23**	**13,736**	**(3,704)**	**(11,276)**	**27,804**	**226,682**	**(860)**	**17,725**	**24,619**	**747,533**	**0**	**747,533**
Profit for the period												14,031	14,031	(22)	14,009
Other compre-hensive income (losses)						(6,653)		1,599		(2,889)	(1,614)		(9,557)	0	(9,557)
Total compre-hensive income (losses)						**(6,653)**		**1,599**		**(2,889)**	**(1,614)**	**14,031**	**4,474**	**(22)**	**4,452**
Change in scope of consolidation													**0**	11,919	**11,919**
Allocation of 2009 profit															
- dividends												(14,914)	**(14,914)**	0	**(14,914)**
- to undistributed earnings reserve											(3,374)	3,374	**0**		**0**
- to legal reserve			836									(836)	**0**		**0**
- to other reserves									7,075			(7,075)	**0**		**0**
Balance at 30 June 2010	**298,273**	**147,730**	**7,618**	**23**	**13,736**	**(10,357)**	**(11,276)**	**29,403**	**233,757**	**(3,749)**	**12,737**	**19,199**	**737,094**	**11,897**	**748,991**

Consolidated statement of cash flows

Statement of cash flows	30/06/2010	30/06/2009
(€/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit for the period	**14,009**	**7,127**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	791	1,637
Depreciation and amortization	431	368
Writedown of works in progress /impairment	2,907	3,792
Net change in (deferred tax assets)/provision for deferred tax liabilities	122	(698)
Change in fair value of investment property	4,167	7,991
Change in inventory	(1,970)	(2,282)
Net change in current assets and liabilities	18,642	(39,821)
Net change in current assets and liabilities with related parties	1,078	3,334
Net change in non-current assets and liabilities	(5,753)	(10,017)
Net change in non-current assets and liabilities with related parties	364	49
CASH FLOW FROM OPERATING ACTIVITIES (a)	**34,788**	**(28,521)**
Investments in fixed assets	(15,063)	(118,488)
(Equity investments)/divestments in subsidiaries	13,120	0
CASH FLOW FROM INVESTING ACTIVITIES (b)	**(1,943)**	**(118,488)**
Change in non current financial assets	0	0
Change in financial receivables and other current financial assets	(24,250)	3
Change in financial receivables and other current financial assets with related parties	(2,278)	(234)
Change in translation reserve	(66)	(1,041)
Change in minorities	0	(61)
Payment of dividends	(14,914)	(10,440)
Change in current debt	(122)	9,070
Change in current debt with related parties	(210)	(24,446)
Change in non-current debt	(12,248)	124,573
Change in non-current debt with related parties	0	0
CASH FLOW FROM FINANCING ACTIVITIES (c)	**(54,087)**	**97,423**
NET INCREASE (DECREASE) IN CASH BALANCE	**(21,242)**	**(49,586)**
CASH BALANCE AT BEGINNING OF YEAR	**35,856**	**65,886**
CASH ACQUIRED THROUGH THE PURCHASE OF CONSOLIDATED EQUITY INVESTMENTS	**0**	**0**
CASH BALANCE AT END OF YEAR	**14,614**	**16,300**

Notes to the interim condensed consolidated financial statements

Form and content of the interim condensed consolidated financial statements

Introduction

The interim condensed consolidated financial statements of Immobiliare Grande Distribuzione at 30 June 2010 were approved and authorized for publication by the Board of Directors on 26 August 2010.

Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A. or IGD) is a company set up and organized under Italian law. IGD is currently the only Società di Investimento Immobiliare Quotata (SIIQ, or real estate investment trust) in Italy. It focuses on medium to large shopping centers comprised of a hypermarket and a mall.

The Group is primarily active in property management and leasing. The goal is to profit from its real estate portfolio by acquiring, building and leasing retail properties (shopping centers, hypermarkets, supermarkets and malls), and by optimizing yields on the properties it owns by constantly increasing their appeal or by selling malls at a profit. It also provides a complete range of services through its Agency Management and Pilotage operations, which promote new or expanded centers, and its Facility Management program, which markets and organizes shopping center services such as security, cleaning and routine maintenance. The parent company IGD SIIQ S.p.A. belongs to Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The interim condensed consolidated financial statements at 30 June 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting), with reference to the rules for "condensed" accounts, and on the basis of Art. 154 ter of Legislative Decree 58/1998. The interim condensed consolidated financial statements do not include all disclosures required in the annual financial statements, and should be read jointly with the Group's annual report for the year ended 31 December 2009.

Significant accounting standards

The accounting standards used to prepare the interim condensed consolidated financial statements are the same as those employed in the Group's annual financial statements for the year ended 31 December 2009, with the exception of the following new standards and interpretations applicable from 1 January 2010:

IFRS 3 (2008) – Business combinations

On 10 January 2008 the IASB issued a revised version of IFRS 3 - Business combinations and amended IAS 27 - Consolidated and separate financial statements. The main changes brought to IFRS 3 are the elimination of the need to measure the individual assets and liabilities of a subsidiary at fair value in every subsequent acquisition, in the case of a business combination achieved in stages. Goodwill is determined only upon acquiring control, as the difference between the value of the equity interest held prior to the acquisition, the consideration transferred, and the value of the net assets acquired. If the entity does not acquire 100% of the subsidiary, the minority interests in equity may be recognized either at fair value or using the previous method sanctioned by IFRS 3.

When control of the subsidiary is achieved in stages, the minority interest previously held that has so far been recognized according to IAS 39 - Financial instruments: Reporting, IAS 28 - Investments in associates, or IAS 31 – Interests in joint ventures must be treated as if it were disposed of and reacquired on the date control is achieved. That interest is therefore remeasured to its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any amount previously recognized as "Other comprehensive income," that would be shown in profit or loss following disposal of the asset in question, is similarly reclassified to profit or loss. The goodwill or gain ("badwill") resulting from the disposal and subsequent acquisition is measured as the sum of the consideration paid to obtain control, the amount of minority interests (valued using one of the methods allowed by the standard) and the fair value of the previously-held equity interest, less the fair value of the identifiable net assets of the acquiree. According to the previous version of this standard, business combinations achieved in stages were recognized as a series of separate acquisitions that generated total goodwill measured as the sum of the goodwill from each transaction.

The revised version also requires all acquisition-related costs to be recognized as expenses, and contingent consideration to be recognized and measured at the acquisition date. In the amendment to IAS 27, the IASB has clarified that changes in an equity interest not leading to loss of control must be accounted for as equity transactions and recognized within equity. When control is lost, the parent shall measure its retained interest in the company at fair value, and recognize any gain or loss arising from loss of control in the income statement. IFRS 3 (2008) requires that contingent consideration be treated as part of the transfer price of the net assets acquired and measured at its acquisition-date fair value. Likewise, where the purchase agreement includes a right to the return of previously-transferred consideration if specified conditions are met, that right is classified as an asset by the acquirer. Subsequent changes in fair value can only affect the original measurement if they result from additional or better information on fair value and if they occur within 12 months of the acquisition; all other changes must be recognized in profit or loss. According to the previous version of this standard, contingent consideration was only recognized on the acquisition date if it was deemed likely to be paid and if its amount could be reliably determined. Any subsequent change in the amount of such consideration was always charged to goodwill.

In accordance with the transitional provisions of the standard, the Group has adopted IFRS 3 (revised 2008) prospectively for business combinations taking place from 1 January 2010.

IAS 27 (2008) – Consolidated and separate financial statements

The changes to IAS 27 mostly concern the recognition of transactions or events that modify ownership and the attribution of a subsidiary's losses to non-controlling interests. IAS 27 (2008) states that once control of an entity is acquired, transactions in which the parent sells or acquires interests without losing control of the subsidiary are accounted for as equity transactions with owners. This means that the carrying value of the controlling share and of the non-controlling interests must be adjusted to reflect the change in ownership of the subsidiary; any difference between the amount of the adjustment to non-controlling interests and the fair value of the consideration paid or received for the transaction is recognized directly in equity and attributed to the owners of the parent. No gain or loss is recognized and goodwill is not re-measured. Previously, when there was no specific standard or interpretation on this matter, when acquiring additional interests in subsidiaries the Group had followed the "Parent entity extension method" whereby the difference between the purchase cost and the carrying values of the assets and liabilities acquired were added to or subtracted from goodwill. If equity interests were sold without loss of control, the difference between the carrying value of the assets and liabilities sold and the sale price was recognized to profit or loss.

Accounting standards, amendments and interpretations effective from 1 January 2010 and not relevant for the Group

The following amendments, improvements and interpretations, effective from 1 January 2010, address cases and circumstances that are not relevant to the Group as of this writing but that may affect future transactions or agreements:

- Improvement to IFRS 5 – Non-current assets held for sale and discontinued operations. This clarifies that the disclosures required for non-current assets (or disposal groups) classified as held for sale or discontinued operations are only those required by IFRS 5. This improvement has been adopted prospectively and has had no impact on the Group's financial position or performance.
- Amendment to IAS 28 - Investments in associates and IAS 31 – Interests in joint ventures, due to the changes to IAS 27.
- Improvements to IAS/IFRS (2009).
- Amendment to IFRS 2 – Share-based payments: group cash-settled share-based payment transactions. The IASB has issued an amendment to IFRS 2 that clarifies the accounting for share-based payment transactions within a group. The amendment supersedes IFRIC 8 and IFRIC 11. Its adoption has not affected the Group's financial position or performance.
- IFRIC 17 – Distributions of non-cash assets to owners. This interpretation provides guidance in the accounting of transactions in which the company distributes non-monetary assets to owners, either as dividends or distributions of reserves. It has had no effect on the Group's financial position or performance.
- IFRIC 18 – Transfers of assets from customers. This interpretation is particularly relevant for entities in the utilities sector and clarifies the rules regarding agreements in which an entity receives an assets from a customer that the entity must then use to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). Its adoption has had no impact on the consolidated financial statements.
- Amendment to IAS 39 – Financial instruments: Recognition and measurement - exposures qualifying for hedge accounting. The change addresses the designation of a one-sided risk in a hedged item and the designation of inflation as a hedged risk or as a portion of the risk under particular circumstances. Its adoption has not affected the Group's financial position or performance.

Accounting standards, amendments, and interpretations not yet effective and not applied in advance by the Group:

On 8 October 2009 the IASB issued an amendment to IAS 32 - Financial instruments: Presentation: Classification of rights issues to govern the accounting rules for the issue of rights, options or warrants denominated in a foreign currency. Previously, these were accounted for as derivative liabilities; the amendment states that under certain conditions, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from 1 January 2011.

On 4 November 2009 the IASB published a revised version of IAS 24 – Related party disclosures that simplifies the disclosure requirements for transactions with government-related entities and clarifies the definition of a related party. The amendment is effective from 1 January 2011.

On 12 November 2009 the IASB issued IFRS 9 – Financial instruments on the classification and measurement of financial assets, effective from 1 January 2013. This publication is the first part of a multi-phase project to replace IAS 39. IFRS 9 uses a single approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of its financial assets to determine how those assets are measured, replacing the many different rules in IAS 39. It also requires a single impairment method to be used for financial assets. At the date of the interim condensed financial statements, the EU authorities had not yet finished the endorsement process necessary for applying the new standard.

On 26 November 2009 the IASB issued a minor amendment to IFRIC 14 – Prepayments of a minimum funding requirement, which permits entities to treat the early payment of minimum funding contributions as an asset. The amendment is effective from 1 January 2011.

On 26 November 2009 the IFRIC issued IFRIC 19 – Extinguishing financial liabilities with equity, which addresses the accounting treatment of settling a financial liability through the issue of equity instruments. The interpretation states that if an entity renegotiates the terms of a financial liability in order to settle it in the form of shares, then the shares issued by the entity become part of the consideration paid and must be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial value of the equity instruments issued is recognized in profit for loss. The amendment is effective from 1 January 2011.

On 6 May 2010 the IASB issued a series of improvements to IFRS, effective from 1 January 2011. The more important ones are listed below, with no mention of those involving only terminology or editorial changes with minimal effect on accounting, or those affecting standards or interpretations not applicable to the IGD Group:

IFRS 7 - Financial instruments: disclosures: the improvement emphasizes the interaction between quantitative and qualitative disclosures regarding the nature and extent of risks associated with financial instruments. This should help users of the financial statements make connections among the disclosures and achieve an overview of the nature and extent of those risks. The improvement also removes the disclosure requirements concerning past-due financial assets that have been renegotiated or impaired and concerning the fair value of collateral.

IAS 1 - Presentation of financial statements: this improvement requires that a reconciliation of changes in each component of equity be presented either in the financial statements or in the notes.

IAS 34 – Interim financial reporting: some examples clarify the disclosures required in interim financial statements.

At 30 June 2010 the EU authorities had not yet finished the endorsement process necessary for application of these improvements.

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 reporting 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 (€K), unless otherwise specified.

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the financial statements at 30 June 2010, 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 31 December 2009, the scope of consolidation has changed in terms of non-controlling interests due to the sale of 20% of Porta Medicea S.r.l. The following table list the companies consolidated by the IGD Group at 30 June 2010.

Name	% held	Control	Registered office	Share capital (in EUR)	Consolidation method	Operations
Immobiliare Larice S.r.l.	100%	IGD SIIQ S.p.A.	Ravenna, via Villa Glori 4	75,071,221.00	Line-by-line	Shopping center management
Millennium Gallery S.r.l	100%	IGD SIIQ S.p.A.	Ravenna, via Villa Glori 4	100,000.00	Line-by-line	Shopping center management
RGD S.r.l.	50%	IGD SIIQ S.p.A.	Milan, via Dante 7	52,000.00	Proportional	Purchase and sale of real estate
RGD Gestioni S.r.l.	50%	RGD S.r.l. 100%	Milan, via Dante 7	10,000.00	Proportional	Shopping center management
New Mall S.r.l.	50%	RGD S.r.l. 100%	Milan, via Dante 7	60,000.00	Proportional	Shopping center management
Porta Medicea S.r.l.	60%*	Immobiliare Larice S.r.l.	Livorno, via Gino Graziani 6	60,000,000.00	Line-by-line	Construction firm
Win Magazin S.A.	100%	Immobiliare Larice S.r.l. 99.9% IGD SIIQ S.p.A. 0.1%	Bucharest, Romania	31,128.00	Line-by-line	Shopping center management
Winmarkt Management S.r.l.	100%	Win Magazin SA	Bucharest, Romania	274,014.00	Line-by-line	Agency and facility management services
Sviluppo Faenza Area Marcucci S.r.l.	100%	IGD SIIQ S.p.A.	Castenaso (Bologna), Via Villanova 29/7	5,165,000.00	Line-by-line	Shopping center management

***Consolidated at 80% due to the put & call option on a non-controlling interest of 20%.**

Seasonal trends

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

Segment reporting

The income statement and the statement of financial position are broken down below by business segment in accordance with IFRS 8, followed by a geographical breakdown of revenues from freehold properties.

INCOME STATEMENT	RENT 1H10	RENT 1H09	SERVICES 1H10	SERVICES 1H09	MUTUAL 1H10	MUTUAL 1H09	TOTAL 1H10	TOTAL 1H09
REVENUES	**53,874**	**53,134**	**2,202**	**3,737**	**96**	**0**	**56,172**	**56,871**
CHANGE IN INVENTORY					*141*	*(768)*	*141*	*(768)*
DIRECT COSTS	*(9,754)*	*(10,937)*	*(1,691)*	*(2,981)*			*(11,445)*	*(13,918)*
GROSS MARGIN	**44,120**	**42,197**	**511**	**756**	**237**	**(768)**	**44,868**	**42,185**
MUTUAL COSTS					*(5,091)*	*(5,194)*	*(5,091)*	*(5,194)*
EBITDA	**44,120**	**42,197**	**511**	**756**	**(4,854)**	**(5,962)**	**39,777**	**36,991**
IMPAIRMENT/DEP.&AMORT	*(7,318)*	*(12,054)*	*(38)*	*(41)*	*(149)*	*(56)*	*(7,505)*	*(12,151)*
EBIT	**36,802**	**30,143**	**473**	**715**	**(5,003)**	**(6,018)**	**32,272**	**24,840**
NET FINANCIAL INCOME (CHARGES)					**(16,741)**	**(17,173)**	**(16,741)**	**(17,173)**
NET EXTRAORDINARY INCOME (CHARGES)					**0**	**0**	**0**	**0**
TAXES					**(1,522)**	**(540)**	**(1,522)**	**(540)**
NET PROFIT							**14,009**	**7,127**
LOSS PERTAINING TO NON-CONTROLLING INTERESTS					22	0	22	0
GROUP'S SHARE OF NET PROFIT							**14,031**	**7,127**

STATEMENT OF FINANCIAL POSITION	RENT 1H10	RENT FY09	SERVICES 1H10	SERVICES FY09	MUTUAL 1H10	MUTUAL FY09	TOTAL 1H10	TOTAL FY09
REAL ESTATE PORTFOLIO	*1,590,504*	*1,598,886*	*0*	*0*	*7,833*	*0*	*1,598,337*	*1,598,886*
OTHER NON-CURRENT ASSETS	*0*	*0*	*0*	*0*	*34,158*	*29,056*	*34,158*	*29,056*
CURRENT INVESTMENTS	*140,072*	*132,400*	*0*	*0*	*0*	*0*	*140,072*	*132,400*
NET WORKING CAPITAL	*48,659*	*46,977*	*558*	*469*	*29,302*	*49,054*	*78,519*	*96,500*
OTHER NON-CURRENT LIABILITIES	*(78,648)*	*(81,002)*	*(429)*	*(490)*	*0*	*0*	*(79,077)*	*(81,492)*
TOTAL USE OF FUNDS	**1,700,587**	**1,697,261**	**129**	**(21)**	**71,293**	**78,110**	**1,772,009**	**1,775,350**
NET DEBT	*955,341*	*953,466*	*(3,616)*	*(3,759)*	*71,293*	*78,110*	*1,023,018*	*1,027,817*
EQUITY	*745,246*	*743,795*	*3,745*	*3,738*	*0*	*0*	*748,991*	*747,533*
TOTAL SOURCES OF FUNDS	**1,700,587**	**1,697,261**	**129**	**(21)**	**71,293**	**78,110**	**1,772,009**	**1,775,350**

REVENUES FROM FREEHOLD PROPERTIES	1H10	1H09	1H10	1H09	1H10	1H09	1H10	1H09
	NORTHERN ITALY		CENTRAL/ SOUTHERN ITALY & ISLANDS		ABROAD			
LEASE & RENTAL INCOME	*22,293*	*19,684*	*19,717*	*15,623*	*6,562*	*9,095*	*48,572*	*44,402*
ONE-OFF REVENUES	*8*	*12*	*0*	*3,009*	*0*	*0*	*8*	*3,021*
TEMPORARY LOCATION RENTALS	*562*	*577*	*452*	*387*	*0*	*0*	*1,014*	*964*
OTHER INCOME FROM PROPERTY RENTALS	*26*	*26*	*33*	*5*	*127*	*238*	*186*	*269*
TOTAL	**22,889**	**20,299**	**20,202**	**19,024**	**6,689**	**9,333**	**49,780**	**48,656**

Notes to the interim condensed consolidated financial statements

Note 1) Revenues and other income

See the income statement review for comments.

Note 2) Change in inventory for work in progress

	30/06/10	30/06/09	Change
Change in inventory for work in progress	1,971	2,255	(284)
Cost of work in progress	(1,830)	(3,023)	1,193
Total	**141**	**(768)**	**909**

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased by €1,830K due to the advancement of works.

Financial charges of €141K were capitalized for the first half of the year.

Note 3) Change in fair value and impairment losses/reversals

This covers the fair value adjustment of investment property discussed in Note 8 and the impairment losses discussed in Note 9.

Net writedowns for the adjustment of investment property to fair value amounted to €4,167K at 30 June 2010. The heading "Impairment losses/reversals" includes an impairment loss on direct development initiatives and on the Darsena property, recognized as assets under construction (€2,856K), and an impairment reversal on land following a loss charged the previous year (€899K).

This item also includes a €950K impairment charge for the price adjustment of units at the shopping center in Beinasco, held by the joint venture Riqualificazione Grande Distribuzione S.r.l. See Note 7 for further information.

Note 4) Financial income and charges

FINANCIAL INCOME	*30/06/10*	*30/06/09*	*Change*
Bank interest income	57	510	(453)
Other interest income and equivalent	201	93	108
Exchange gains	2,081	1,436	645
Total third parties	**2,339**	**2,039**	**300**
Interest income from related parties	5	12	(7)
Interest income from Coop Adriatica account	6	9	(3)
Total related parties	**11**	**21**	**(10)**
Total financial income	**2,350**	**2,060**	**290**

Financial income increased due mainly to exchange gains on financial income from Romania (€2,081K for the first half of 2010). Interest income from related parties is described in Note 27.

FINANCIAL CHARGES	*30/06/10*	*30/06/09*	*Change*
Interest expense on security deposits	56	166	(110)
Interest expense on Coop Adriatica account	351	411	(60)
Total related parties	**407**	**577**	**(170)**
Interest to banks and on short-term loans	749	1,579	(830)
Other interest and charges	824	753	71
Interest capitalized	(107)	(186)	79
Exchange losses	902	473	429
Mortgage loan interest	4,948	8,371	(3,423)
Financial leasing charges	195	240	(45)
Bond interest and charges	6,261	6,162	99
IRS spreads	4,912	1,264	3,648
Total third parties	**18,684**	**18,656**	**28**
Total financial charges	**19,091**	**19,233**	**(142)**

The decrease in financial charges, despite the increase in net debt (from €897,998K at 30 June 2009 to €1,023,018K) due to support for the Group's development, results essentially from the lower average cost of debt.

Following changes in the convertible bond loan, "Bond interest and charges" (€6,261K) are made up of:

- interest to bondholders at the rate of 2.5% until 22 April and 3.5% until 30 June = €2,864K;
- higher financial charges due to the rise in effective interest rate from 3.5% to 5.57% = €2,972K;
- higher financial charges due to use of amortized cost method = €425K (rate increase of 0.48%).

The effective interest rate increased from 6.03% to 6.05%.

Note 5) Income taxes

INCOME TAXES	*30/06/10*	*30/06/09*	*Change*
Current taxes	1,148	1,409	(261)
Deferred tax liabilities	2,100	847	1,253
Deferred tax assets	(1,972)	(1,573)	(399)
Out-of-period income/charges	246	(143)	389
TOTAL	**1,522**	**540**	**982**

Current and deferred tax, amounting to €1,522K for the period to 30 June 2010, comes to 8.22% of the pre-tax profit (net of out-of-period income/charges) and reflects the positive impact of SIIQ status.

Note 6) 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 (for the computation of diluted profit, the payout reserved to the parent company's shareholders was adjusted by the amount of interest related to the bond, net of the tax effect) 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.

(in €/million)	*30/06/10*	*30/06/09*
Net profit attributable to parent company shareholders	14	7
Diluted net profit attributable to parent company shareholders	20	13
Weighted average number of ordinary shares for purposes of basic earnings per share	298	298
Weighted average number of ordinary shares for purposes of diluted earnings per share	382	345
Basic earnings per share	**0.047**	**0.024**
Diluted earnings per share	**0.053**	**0.038**

Note 7) Goodwill

	Balance at 01/01/09	Increases	Decreases	Reclassifi-cations	Change in scope of consolidation	Balance at 31/12/09
Goodwill	**10,752**	**1,198**	**0**	**0**	**66**	**12,016**

	Balance at 01/01/10	Increases	Decreases	Reclassifi-cations	Impairment	Balance at 30/06/10
Goodwill	**12,016**	**1,466**	**(63)**	**0**	**(950)**	**12,469**

Most of the change on the previous year is due to:

- the increase in goodwill for the purchase of 10% of Win Magazin S.A., ahead of the contractual period for exercising the put & call option on that interest. This business combination, achieved in 2008, involved a put & call on the shares held by third parties. The company was therefore consolidated at 100%, while cancelling non-controlling interests and recognizing a financial payable in the amount of the option's value, measured by discounting the minimum strike price to present value. For this reason, the early exercise of the option was accounted for on the basis of the previous version of IFRS 3;
- a decrease for the sale of the San Ruffillo business to Coop Adriatica;
- an increase and a corresponding decrease under "Impairment" (€950K) for the Group's share of the amount recognized to the sellers of the units of the shopping center in Beinasco, held by the joint venture Riqualificazione Grande Distribuzione S.r.l., upon adjustment of the acquisition price. At 30 June 2010, considering also the fact that the units are measured at fair value, this amount was written off in full.

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 30 June 2010:

Goodwill	*31/12/09*	*30/06/10*
Millenium S.r.l.	3,952	3,952
RGD S.r.l.	975	975
Winmagazin S.A.	4,894	5,410
Winmarkt Management S.r.l.	1	1
Faenza Sviluppo Area Marcucci S.r.l.	66	66
Centro Nova	546	546
Città delle Stelle	65	65
San Donà	448	448
San Ruffillo	63	-
Gescom Service	1,006	1,006
Total	**12,016**	**12,469**

Goodwill for Faenza Sviluppo, Millenium, RGD, Winmagazin, 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 8). 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, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. For the latter, the Group performs impairment tests every year at 31 December, and whenever circumstances indicate that the recoverable amount of goodwill may have been impaired. No such circumstances were evident at 30 June 2010.

Note 8) 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.

	Balance at 01/01/09	*Increases*	*Decreases*	*Revaluations*	*Writedowns*	*Reclassifi-cations*	*Change in scope of consolidation*	*Balance at 31/12/09*
Investment property	**1,245,140**	**157,399**		**21,534**	**(35,259)**	**112,701**	**85,300**	**1,586,815**

	Balance at 01/01/10	*Increases*	*Increases from assets under construction*	*Decreases*	*Revaluations*	*Writedowns*	*Change in scope of consolidation*	*Balance at 30/06/10*
Investment property	**1,586,815**	**3,413**	**394**		**8,116**	**(12,283)**		**1,586,455**

Increases refer to the purchase of two properties and the relative businesses at Millennium Center mall in Rovereto (€2,412K), as well as extraordinary maintenance work carried out at several shopping centers (€1,395K).

Revaluations and writedowns refer to the adjustment of investment property to fair value at 30 June 2010. The fair value estimated by independent appraiser CB Richard Ellis at 30 June 2010 showed an increase for hypermarkets, and a decrease for malls in both Italy and Romania. 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.

See the interim directors' report for an analysis of the real estate portfolio.

Note 9) Assets under construction

	Balance at 01/01/09	*Increases*	*Decreases*	*Reclassifi-cations*	*Writedowns*	*Change in scope of consolidation*	*Currency translation gain/loss*	*Balance at 31/12/09*
Assets under construction	**241,886**	**22,035**	**(14,125)**	**(112,985)**	**(4,450)**	**54**	**(16)**	**132,399**

	Balance at 01/01/10	*Increases*	*Decreases*	*Revaluations*	*Impairment losses*	*Reclassifi-cations*	*Currency translation gain/loss*	*Balance at 30/06/10*
Assets under construction	**132,399**	**17,614**	**(7,583)**	**899**	**(2,856)**	**(394)**	**(7)**	**140,072**

The increase on the previous year is explained by:

- ✓ the purchase of the "Torre Ingastone" Shopping Mall being built in Palermo;
- ✓ progress on the midsize stores of the future retail park in Conegliano;
- ✓ the restyling of the Afragola center;
- ✓ progression of the work on the retail area of the multifunctional complex in Livorno;
- ✓ extraordinary maintenance work (unfinished) at various Romanian shopping centers;
- ✓ capitalization of interest in accordance with IAS 23;
- ✓ reversal of impairment recognized in the prior year relating to the land where the shopping center is to built in Chioggia.

"Decreases" essentially refer to:

- ✓ cancellation of the preliminary purchase contract for the mall in Gorizia and consequent refund of the down payment;
- ✓ impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value;
- ✓ the reclassification to investment property of completed maintenance work.

See the section "The real estate portfolio" for further details.

Note 10) 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. These taxes have been classified as "Non-current deferred tax assets."

Deferred tax assets and liabilities	*30/06/10*	*31/12/09*	*Change*
Deferred tax assets	17,725	12,160	5,565
Deferred tax liabilities	(51,886)	(48,028)	(3,858)

In detail:

Deferred tax assets	*30/06/10*	*31/12/09*	*Change*
Amortization reversal	36	45	(9)
Capital increase	141	188	(47)
Goodwill amortization for tax purposes	13	13	0
Taxed provisions	346	325	21
Bonus provision	34	64	(30)
IAS 40	4,975	3,598	1,377
Higher land value for tax purposes	762	762	0
IAS 19	1	1	0
Interest rate swaps	7,147	3,555	3,592
Writedowns from impairment testing	1,733	648	1,085
Beinasco leasing	2,174	2,394	(220)
Elimination of capital gains	153	153	0
Other	210	414	(204)
TOTAL DEFERRED TAX ASSETS	**17,725**	**12,160**	**5,565**

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 (share capital increase) 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 writedowns 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 30 June 2010 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.

Most of the change on the previous year relates to the tax effect on the writedown of properties and assets under construction, recognized in the income statement, and on the fair value adjustment of derivatives, recognized in the statement of financial position.

Provision for deferred tax liabilities	*30/06/10*	*31/12/09*	*Change*
Depreciation and amortization for tax purposes	157	117	40
Capital gains in installments	39	66	(27)
Tax effect on fair value of properties	49,156	45,442	3,714

Tax effect on post-employment benefits per IAS 19	9	6	3
Tax effect on convertible bond	508	554	(46)
Tax effect on Millennium leasing	2,017	1,843	174
TOTAL DEFERRED TAX LIABILITIES	**51,886**	**48,028**	**3,858**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The increase stems from the revaluations of investment property during the half-year.

Note 11) Sundry receivables and other non-current assets

Other non-current assets	*30/06/10*	*31/12/09*	*Change*
Equity investments	898	894	4
Down payment for purchase of shares	2,000	2,000	0
Tax credits	4	4	0
Beneficial interest	911	1,807	(896)
Security deposits	61	55	6
Total	**3,875**	**4,761**	**(887)**

Equity investments	*30/06/10*	*31/12/09*	*Change*
Consorzio Forte di Brondolo	55	55	0
Iniziative Bologna Nord	773	773	0
Consorzio Proprietari C.C. Leonardo	52	52	0
Other	18	14	4
Total	**898**	**894**	**4**

The main difference with respect to the previous year is the decrease in the beneficial interest (right in rem) on the mall at the "Città delle Stelle" Shopping Center, recognized in the income statement.

Note 12) Inventory for work in progress

	30/06/10	*31/12/09*	*Change*
Multifunctional complex	57,078	55,108	1,970

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased by €1,970K due to the advancement of works and the capitalization of interest. This complex will include residential areas, shopping, services, and overnight accommodation. The shopping section has been restated to assets under construction. See the "Investments" section for further details.

Note 13) Trade and other receivables

	30/06/10	*31/12/09*	*Change*
Trade and other receivables - third parties	19,668	17,787	1,881
Provision for doubtful accounts	(6,430)	(5,754)	(676)
Total	**13,238**	**12,033**	**1,205**

The increase in trade receivables is due essentially to the growth of revenues for mall rentals in Italy. They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits. Movements in the provision for doubtful accounts are shown below:

	31/12/09	*Translation effect*	*Utilizations*	*Accruals*	*30/06/10*
Provision for doubtful accounts	5,754	(50)	(192)	918	6,430

Note 14) Related party trade and other receivables

	30/06/10	*31/12/09*	*Change*
Parent company	32	36	(4)
Total parent company	32	36	(4)
RGD Group	12	0	12
Consorzio dei Proprietari Centro Leonardo	1	17	(16)
Consorzio Bricchi	4	0	4
Ipercoop Tirreno	38	21	17
Vignale Comunicazioni S.r.l.	249	159	90
Unicoop Tirreno Scarl	74	21	53
Librerie Coop S.p.A.	1	29	(28)
Robintur S.p.A.	1	1	0
Total other related parties	**380**	**248**	**132**
Total related parties	**412**	**284**	**128**

See Note 27 for comments.

Note 15) Other current assets

Other current assets	*30/06/10*	*31/12/09*	*Change*
Tax credits			
VAT credits	35,788	54,664	(18,876)
IRES credits	1,259	800	459
IRAP credits	86	40	46
Due from others			

Advances paid to suppliers	35	0	35
Due from insurers	20	14	6
Accrued income and prepayments	1,281	317	964
Deferred costs	441	355	86
Other	302	371	(69)
Total other current assets	**39,212**	**56,561**	**(17,349)**

Other current assets decreased since the previous year, due mainly to the VAT credit that was refunded at the end of July, and therefore reclassified to current financial receivables.

Note 16) Financial receivables and other current financial assets

Current financial assets	*30/06/10*	*31/12/09*	*Change*
VAT credit awaiting refund	16,900	0	16,900
Down payment refund for contract termination	7,350	0	7,350
Total third parties	**24,250**	**0**	**24,250**
Parent company	1,503	313	1,190
Other related parties	590	375	215
Total due from related parties	**2,093**	**688**	**1,405**

The increase is explained by the information in Note 15 and Note 9.

Financial receivables from related parties concern a loan granted at market rates to Iniziative Immobiliari Bologna Nord (held 15%) and the balance of the pooled account with the parent company Coop Adriatica.

Note 17) Shareholders' equity

Movements in this item are detailed in the statement of changes in equity.

Most of the movements in reserves were a result of:

- the distribution of the 2009 profit of €14,914K;
- the loss of €2,889K from the translation reserve for the translation of foreign currency financial statements;
- the change in derivatives accounted for using the cash flow hedge method (-€6,653K for derivatives held by the parent company and -€2,816K for those held by a subsidiary);
- the profit for the period allocable to owners of the parent company and non-controlling interests, for a total of €14,009K;
- recognition of the capital gain from the sale of 20% of the subsidiary Porta Medicea S.r.l. (+€1,202K);
- changes in the convertible bond loan amounting to +€1,599K.

Note 18) Non-current financial liabilities

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

Non-current financial liabilities	*Duration*	*30/06/10*	*31/12/09*	*Change*
Mortgage loans with banks		**554,396**	**544,904**	**9,492**
Banca Pop. di Verona s.c.a.r.l.	31/5/01 - 31/5/11	0	1,522	(1,522)
Intesa BCI S.p.A.	31/5/01 - 31/5/11	0	1,615	(1,615)
Unicredit Banca Impresa S.p.A./Mediocredito	5/4/01 - 5/4/11	0	1,291	(1,291)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/15	14,260	15,657	(1,397)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/13	4,925	5,839	(914)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	10,004	11,861	(1,857)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	8,619	10,219	(1,600)
BNL	6/10/06 - 6/10/16	19,641	20,560	(919)
Interbanca S.p.A.	05/10/09 - 5/07/21	133,280	138,408	(5,128)
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	12,070	12,415	(345)
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	74,687	76,741	(2,054)
Unipol Lungo Savio	31/12/08 - 31/12/23	10,972	11,177	(205)
Antonveneta	30/11/07 - 30/11/12	19,486	19,550	(64)
Unipol Merchant	10/04/07 - 06/04/27	87,763	89,260	(1,497)
Carige	17/12/08 - 30/03/24	27,857	28,325	(468)
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/09/24	29,484	29,869	(385)
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/03/24	17,961	18,666	(705)
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	50,531	51,929	(1,398)
Centrobanca - Livorno	01/02/10 - 15/06/13	7,856	0	7,856
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/12/11	20,000	0	20,000
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/08/11	5,000	0	5,000
Non-current Financial liabilities (IRS on mortgage loans)		**28,055**	**14,715**	**13,340**
Convertible bond	**28/6/07-28/06/12**	**212,340**	**211,783**	**557**
Due to other sources of finance		**59,720**	**80,277**	**(20,557)**
Coop Lombardia for Galleria Gran Rondò	31/12/11	23,000	23,000	0
Contingent liability for malls		7,519	7,247	272
Options on equity investments		13,403	33,289	(19,886)
Hipo Tirol leasing S.p.A.	01/04/04 - 01/07/12	2,376	2,869	(493)
New Mall leasing	01/06/05- 01/06/17	7,307	7,630	(323)
Sardaleasing for Bologna office	30/04/09 - 30/04/27	6,115	6,242	(127)
Total financial liabilities with third parties		**854,511**	**851,679**	**2,832**
Coop for Faenza Sviluppo loan	31/12/19	15,000	15,000	0
Total financial liabilities with related parties		**15,000**	**15,000**	**0**

The change in non-current financial liabilities is a result of:

- the drawdown on the new Centrobanca mortgage loan for the Livorno investment, taken out on 15 December 2009, to be disbursed in one or more installments through 31 December 2012 for a maximum of €30 million;
- two new unsecured loans with Cassa di Risparmio del Veneto for a total of €25 million;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2011 to current financial liabilities;

- an increase in the fair value of interest rate swaps;
- a decrease of €20,502K in the liability for options on equity investments due to the acquisition of the 10% interest in Winmagazin S.A., and an increase of €616K for adjustment of the liability for the put & call option with Cooperare S.p.A. regarding a non-controlling share (20%) of Porta Medicea S.r.l.

Mortgage loans are secured by properties.

The following information concerns the convertible bond loan:

- On 28 June 2007 the Group issued a convertible bond of €230,000,000, paying coupons at 2.5%.
- In accordance with IAS 32, this was initially 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.
- One consequence of this method is to increase financial charges, for an effective rate of 6.03% until 22 April 2010, when the extraordinary general meeting voted to restructure the bond loan as explained in the section on corporate events. In short, the changes include postponement of the bond's maturity from 28 June 2012 until 28 December 2013, an increase in the interest rate from 2.5% to 3.5% with coupons payable every six months, and a change in the conversion price from €4.93 to €2.75 per share with a consequent increase in capital from €46,653,144 to €83,636,364 to service the conversion. The transaction costs for the extraordinary operation came to €1,182,963 and were charged against the liability for the convertible bond, which was reduced by the same amount. The application of IAS 32 has led to a remeasurement of the financial liability and of the equity component that expresses the value of the option embedded in the convertible bond. The effective interest rate went from 6.03% to 6.05%. See Note 4 for further details.

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 30 June 2010 the ratio was 1.37.
- ✓ 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 30 June 2010 the ratio was 0.93.
- ✓ Article 12 *bis* of the contract with Unipol Banca S.p.A. and Unipol Merchant Banca per le Imprese S.p.A. 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 30 June 2010 the ratio was 1.37.
- ✓ Article 8 of the contract with Cassa di Risparmio di Bologna signed on 27 March 2009 states that the bank can terminate the contract if, until maturity, the IGD Group's debt-to-equity ratio exceeds 1.6. At 30 June 2010 the ratio was 1.37.
- ✓ Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 states that the bank can terminate the contract if the financial statements of Faenza Sviluppo Area Marcucci in relation to this activity show a ratio of net external debt to equity plus intercompany financing of more than 2.70.

- ✓ Article 87 of the contract with Cassa di Risparmio del Veneto signed on 8 October 2009 states that the bank can terminate the contract if the 2009 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At 30 June 2010 the ratio was 1.37.
- ✓ Article 13.1.7 of the contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.30, according to the annual consolidated financial statements for 2009 and subsequent years. Art. 13.1.8 also allows the bank to withdraw if, any time between utilization and final maturity, the LTV ratio exceeds 70%. At 30 June 2010 the ratio was 1.37.
- ✓ The contract with Cassa di Risparmio del Veneto signed on 23 June 2010 states that the bank can terminate the contract if the 2010 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At 30 June 2010 the ratio was 1.37.

The table below shows the amount of loans directly allocable to investment property at 30 June 2010 and the average maturity:

Project/asset	*Carrying value of asset*	*Direct financial debt*	*Form*	*Average maturity*
Investment property	1,586,455	453,311	Mortgage loans, finance leases and bullet loans	12.39

Note 19) Current financial liabilities

	Duration	30/06/10	31/12/09	Change
Due to banks				
Banca Pop. Emilia Romagna - Hot money	24/05/10 - 24/08/10	6,000	0	6,000
Banca Pop. Emilia Romagna - Hot money	08/06/10 - 08/09/10	4,000	0	4,000
Banca Pop. Emilia Romagna - Bologna	non-revolving	0	2,637	(2,637)
Carisbo - Hot money	24/06/10 - 26/07/10	10,000	10,000	0
BNL - Bologna		0	20,000	(20,000)
Cassa Risp. Firenze - Hot money	02/06/10 - 02/09/10	15,013	25,074	(10,061)
BNL - Bologna	non-revolving	9,480	10,000	(520)
Cassa Risparmio PD RO - Hot money	08/06/10 - 08/09/10	10,008	10,008	0
Cassa Risparmio PD RO - Rovigo Finanz.	23/12/08 - 23/06/10	0	30,011	(30,011)
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/12/11	6	0	6
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/08/11	1	0	1
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/02/11	5,001	0	5,001
Unipolbanca - Bologna	08/06/10 - 09/08/10	12,875	16,821	(3,946)
Banca Regionale Europea - Hot money	01/06/10 - 01/09/10	5,004	0	5,004
Banca Regionale Europea - Hot money	17/06/10 - 17/09/10	5,002	0	5,002
Banca Pop. Commercio e Industria - Hot money	01/06/10 - 01/09/10	5,000	0	5,000
Banca Pop. Commercio e Industria - Hot money	17/06/10 -17/09/10	5,000	0	5,000
Banca Popolare di Verona - Hot money	14/06/10 - 14/09/10	12,006	0	12,006
Banca Pop. Emilia Romagna account no. 939015		16,698	0	16,698
Banca Marche		2	0	2
Banca Pop. Commercio e Industria		6	0	6
Total		**121,102**	**124,551**	**(3,449)**
Mortgage loans with banks				
Banca Pop. di Verona s.c.a.r.l.	31/05/01-31/05/11	3,020	2,993	27
Intesa BCI S.p.A.	31/05/01-31/05/11	3,194	3,119	75
Unicredit Banca Impresa/Mediocredito	05/04/01-05/04/11	2,592	2,602	(10)
Banca Toscana S.p.A. Casilino 1	31/12/01-31/12/15	2,761	2,694	67
Banca Toscana S.p.A. Casilino 2	31/12/01-31/12/13	1,806	1,762	44
Banca Toscana S.p.A. Livorno 1	31/12/01-31/12/13	3,668	3,579	89
Banca Toscana S.p.A. Livorno 2	31/12/01-31/12/13	3,161	3,083	78
BNL - Rimini mortgage loan	06/10/06 - 06/10/21	1,899	1,908	(9)
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	789	781	8
Unipol Lungo Savio	31/12/08 - 31/12/23	407	395	12
Interbanca loan	05/10/09-06/10/21	10,699	10,587	112
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	3,093	1,031	2,062
Antonveneta mortgage loan	30/11/07- 30/11/12	0	2	(2)
Unipol Merchant	10/04/07 - 06/04/27	3,254	3,283	(29)
Carige	17/12/08 - 30/03/24	930	900	30
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/9/24	389	0	389
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/3/24	1,429	1,071	358
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	2,821	2,821	0
Total mortgage loans with banks		**45,912**	**42,611**	**3,301**
Due to leasing companies and bondholders				
Hipo Tirol leasing S.p.A.	01/04/04-01/07/12	978	964	14
New Mall leasing	01/06/05- 01/06/17	663	655	8
Lease for IGD HQ	30/04/09 - 30/04/27	253	249	4
Convertible bond	28/6/07-28/06/12	44	2,930	(2,886)
Total due to leasing companies and bondholders		**1,938**	**4,798**	**(2,860)**
TOTAL CURRENT FINANCIAL LIABILITIES WITH THIRD PARTIES		**168,952**	**171,960**	**(3,008)**
Due to affiliate				
COOP pooled account		322	66	256
COOP for Larice loan		25,209	25,228	(19)
Coop for Faenza Sviluppo loan		0	447	(447)
Total due to related parties		25,531	25,741	(210)
TOTAL CURRENT FINANCIAL LIABILITIES WITH RELATED PARTIES		**25,531**	**25,741**	**(210)**

Most of the change in financial liabilities with third parties relates to new hot money loans and repayments and to the difference in the current portion of new mortgage loans. The change in the bond loan is due to the installment accrued at 30 June 2010.

Note 20) Net financial position

In detail:

NET FINANCIAL POSITION		
	30/06/10	31/12/09
Cash and cash equivalents	(14,614)	(35,856)
Related party financial receivables and other current financial assets	(2,093)	(688)
Financial receivables and other current financial assets	(24,250)	0
LIQUIDITY	**(40,957)**	**(36,544)**
Current financial liabilities with related parties	25,531	25,741
Current financial liabilities	121,102	124,551
Mortgage loans - current portion	45,912	42,611
Leasing - current portion	1,894	1,868
Convertible bond - current portion	44	2,930
CURRENT DEBT	**194,483**	**197,701**
NET CURRENT DEBT	**153,526**	**161,157**
Non-current financial assets	(19)	(19)
Non-current financial liabilities due to other sources of finance	43,922	63,536
Leasing - non-current portion	15,798	16,741
Non-current financial liabilities	554,396	544,904
Non-current financial liabilities with related parties	15,000	15,000
Convertible bond loan	212,340	211,783
Derivatives	28,055	14,715
NET NON-CURRENT DEBT	**869,492**	**866,660**
TOTAL NET DEBT	**1,023,018**	**1,027,817**

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

Note 21) Trade and other payables

	30/06/10	*31/12/09*	*Change*
Trade payables	10,991	12,277	(1,286)

Note 22) Related party trade and other payables

	30/06/10	*31/12/09*	*Change*
Parent company	1,320	2,339	(1,019)
Other related parties:	163	57	106
Consorzio Proprietari Leonardo	12	57	(45)
Unicoop Tirreno	49	0	49
Consorzio Forte di Brondolo	72	0	72
Consorzio Bricchi	30	0	30
Total related parties	1,483	2,396	(913)

See Note 27 for comments.

Note 23) Current tax liabilities

	30/06/10	31/12/09	Change
IRPEF	393	385	8
IRAP	34	65	(31)
IRES/income tax	609	45	564
VAT	131	188	(57)
Environmental consortium	0	2	(2)
Other taxes	1,416	13	1,403
Substitute tax for reval. Decree 185	441	450	(9)
Substitute tax for SIIQ status	6,887	6,360	527
Total current tax liabilities	**9,911**	**7,508**	**2,403**

Most of the change is due to the increase in withholding tax taken by the parent company for the payment of dividends and to income tax at the Romanian companies.

Note 24) Other current liabilities

	30/06/10	31/12/09	Change
Social security	274	296	(22)
Accrued liabilities and deferred income	1,002	1,059	(57)
Deferred revenues	371	0	371
Insurance	34	31	3
Due to employees	697	482	215
Security deposits received	3,433	2,946	487
Unclaimed dividends	1	1	0
Advances due within one year	515	3	512
Other	432	324	108
Total other liabilities	**6,759**	**5,142**	**1,617**

The increase in this item is due to the rise in security deposits and in revenues pertaining to future periods in connection with upcoming openings.

Note 25) Other current liabilities with related parties

	30/06/10	31/12/09	Change
Other	2,284	170	2,114
Total other liabilities with related parties	**2,284**	**170**	**2,114**

See note 27.

Note 26) Dividends

During the period, further to the shareholders' resolution of 22 April 2010 (the AGM that approved the 2009 financial statements), a dividend of €0.05 was paid for each of the 298,272,669 shares outstanding, for a total of €14,913,634.

Note 27) Information on related parties

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

	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITIES	FINANCIAL PAYABLES	FIXED ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica S.c.a.r.l.	32	1,503	3,604	8,532	40,531		(144)
Robintur S.p.A.	1	0	0		0		
Librerie Coop S.p.A.	1	0	0		0		
Unicoop Tirreno S.c.a.r.l.	74	0	49	150	0		
Vignale Comunicazione S.r.l.	249	0	0	25	0		
Ipercoop Tirreno S.p.A.	38	0	0	3,366	0		
Ipercoop Sicilia	0	0	0		0		
RGD	12	0	0		0		
Cons. Forte di Brondolo	0	0	72		0	62	
Consorzio Proprietari Leonardo	1	0	12		0		
Consorzio Bricchi	4	0	30		0	4	
Iniziative Bologna Nord	0	590	0		0		
TOTAL	**412**	**2,093**	**3,767**	**12,073**	**40,531**	**66**	**-144**
AMOUNT REPORTED	**109,947**	**26,343**	**21,517**	**25,645**	**1,063,994**	**1,750,967**	**1,750,967**
RATIO	**0.37%**	**7.94%**	**17.51%**	**47.08%**	**3.81%**	**0.00%**	**-0.01%**

	REVENUES AND OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica S.c.a.r.l.	10,235	6	1,061	393
Robintur S.p.A.	114	0	0	0
Librerie Coop S.p.A.	244	0	0	0
Unicoop Tirreno S.c.a.r.l.	2,458	0	49	0
Vignale Comunicazione S.r.l.	244	0	0	0
Ipercoop Tirreno S.p.A.	1,042	0	0	14
Ipercoop Sicilia	1,108	0	0	0
RGD	20	0	0	0
Cons. Forte di Brondolo	0	0	0	0
Consorzio Proprietari Leonardo	107	0	2	0
Consorzio Bricchi	57	0	424	0
Iniziative Bologna Nord	0	5	0	0
TOTAL	**15,627**	**11**	**1,536**	**407**
AMOUNT REPORTED	**59,530**	**2,361**	**19,894**	**19,091**
RATIO	**26.25%**	**0.47%**	**7.72%**	**2.13%**

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A. and Librerie Coop S.p.A.), with companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted at arm's-length 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 rental/use of malls owned by Coop Adriatica;
- liabilities and costs for Coop Adriatica's supply of services in the areas of equity and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- security deposits received on leases;
- financial collection and payment transactions in the context of treasury services;
- loans to Group companies.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers.

Transactions with Ipercoop Sicilia concern assets and income from the leasing of properties used as hypermarkets.

Transactions with Ipercoop Tirreno consist of:

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

Transactions with Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers.

Transactions with Cons. Forte di Brondolo concern payables and costs for construction work on the land in Chioggia.

Transactions with Consorzio Proprietari Leonardo and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred with Consorzio Bricchi refer to service charges for vacant units.

Transactions with Iniziative Immobiliari Bologna Nord, held 15%, refer to a loan granted to the company at market interest rates.

Note 28) Management of financial risk

The Group's financial instruments other than derivatives include the bond loan, bank loans and sight/short-term deposits. Such instruments are used to finance its operations. The 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 swaps. The purpose of these is to manage the interest rate risk generated by the Group's transactions and sources of financing. The main risks produced by the Group'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 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

The main risk factor is the volatility of interest rates and the effect this has on borrowing and on the investment of liquid funds.

The Group borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.

To hedge interest rate risk, the Group has entered into interest rate swaps covering 55.42% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate.

Foreign exchange risk

The main factor in foreign exchange risk is the value of the Romanian lei, whose fluctuation could lead to the writedown of properties held or to the unsustainability of contractual obligations for tenants in Romania, where rent is denominated in lei but anchored to the performance of the euro. At the moment, IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and to support the value of the real estate portfolio, in part by making improvements. Capital expenditure plans for 2009-2012 are designed to increase the quality and attractiveness of these properties.

Commercial policies are determined with care and with the utmost attention to local consumption styles and market demands. To that end, the Group employs a specialized team made up of head office and local professionals, to seek the right trade-off between the expertise acquired at the corporate level and knowledge of the local context.

Credit risk

Credit risk takes the form mainly of customer insolvency and difficulty collecting payments.

Tenants go through a pre-contractual selection process, based on financial standing and earnings prospects. Reviews of potential customers are performed also with the help of external specialists and aim to identify any risk factors for the company.

All customers are asked for bank guarantees and/or security deposits to guarantee fulfillment of their commitments. Throughout the life of the contract, the company monitors compliance on an ongoing basis, and follows internal credit management procedures in the event any problems arise; when the business relationship is secure, measures to assist the tenant may be taken.

The IGD Group earns about 29% of its revenues (figure current to 30 June 2010) from related parties.

Price risk

The Group has limited exposure to price risk due to its indexed long-term contracts.

Liquidity risk

This refers to problems with liquidity management, insufficient resources to finance the business, and difficulty keeping up with loans or obtaining new credit.

Liquidity is monitored through cash flow planning, and risk is mitigated by the Group's extensive credit lines. The Finance department uses a financial forecasting tool to monitor expected cash flows over a one-quarter rolling horizon and makes sure there is enough liquidity to operate the business.

As for long-term loans, each facility finances a specific project, which minimizes the risk of needing to refinance. Some long-term loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the potential for violation of the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.

Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.

Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation. The Group also has a portfolio of unmortgaged properties worth €368.3 million.

Capital management

The primary objective of the Group'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. This is pursued by keeping the debt/equity ratio at 1.5% or below. At 30 June 2010, this ratio was 1.37%.

Note 29) Derivative instruments

The IGD 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:

	UBM 4°	UBM 5°	UBM 6°	Monte Paschi Finance 1	Monte Paschi Finance 2	Monte Paschi Finance 3	Monte Paschi Finance 4	BNP Paribas	Aletti Interbanca	BNP Interbanca
Nominal amount	2,582,285	3,190,408	2,940,518	25,452,399	17,020,713	6,731,213	21,538,462	91,000,000	24,166,370	25,000,000
Inception date	05/10/04	31/05/05	31/05/05	31/12/04	31/12/04	31/12/04	06/10/06	06/10/07	10/06/09	10/06/09
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	05/10/21	05/10/21
IRS frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Quarterly	Quarterly	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	3-month Euribor	3-month Euribor
Customer rate	3.35%	3.10%	3.10%	3.20%	3.39%	3.23%	3.84%	4.38%	3.42%	3.44%

	MPS 10198433	MPS 10201705	Carisbo	Carisbo 910270202	MPS 87065	Aletti Asti	CARISBO 100540011	CARISBO 1004290251	MPS 92285
Nominal amount	24,166,370	24,166,370	12,750,678	24,166,370	24,166,370	8,538,463	11,384,618	11,204,933	8,538,463
Inception date	11/06/09	12/06/09	12/02/09	28/10/09	28/10/09	28/04/10	28/04/10	28/04/10	28/04/10
Maturity	05/10/21	05/10/21	10/01/23	05/10/21	05/10/21	31/03/24	28/03/24	29/12/23	28/03/24
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor
Customer rate	3.44%	3.42%	3.35%	3.18%	3.18%	3.29%	3.27%	3.41%	3.25%

Note 30) Subsequent events

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

Note 31) Commitments and risks

At 30 June 2010 the Group had the following purchase and sale commitments:

- preliminary agreement for the purchase of a mall in Vigevano. The provisional price is €46 million, net of transaction costs, of which €15 million has been 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 shopping centers in southern Italy. The new company will own a shopping center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. In accordance with the agreement, by the end of the year IGD is expected to acquire a 50% interest in the company that owns the Vibo Valentia Shopping Center;
- preliminary agreement for the purchase from a related party (Porta Medicea S.r.l.) of the retail section of the Centro Multifunzionale in Livorno, for €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 shopping 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;

- preliminary contract for the purchase of an additional portion of the Beinasco mall, against payment of 5.8% of rent received.

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

Information pursuant to Art. 149-*duodecies* of the CONSOB Regulations for Issuers

The following chart, prepared in accordance with Art. 149-*duodecies* of the CONSOB Regulations for Issuers, shows the fees pertaining to the first half of 2010 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

In €/000	Service provider	Recipient	Fees paid in first half 2010
Auditing	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	54
	Reconta Ernst & Young S.p.A.	Subsidiaries	17
	Mazars S.p.A.	Subsidiaries	9
	Ernst & Young S.r.l.	Romanian subsidiaries	9
TOTAL			**89**

Certification of the condensed half-year financial statements pursuant to Art.154 *bis* of Legislative Decree 58/98

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ SpA, hereby declare, including in accordance with Art. 154-*bis* (3) and (4) of Legislative Decree 58 of 24 February 1998:

- the adequacy of in relation to the characteristics of the business; and
- the company's due compliance with the administrative and accounting procedures for the preparation of the condensed half-yearly financial statements during the first half of 2010.

2. We also confirm that:

2.1. the condensed half-yearly accounts:

a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002, in particular with IAS 34 - *Interim Financial Reporting*;
b) correspond to the ledgers and accounting entries;
c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ SpA and of the companies included in the consolidation;

2.2 the interim directors' report contains information on the key events that took place during the first six months of the year and their impact on the condensed half-yearly financial statements and describes the main risks and uncertainties for the remaining six months of the year. The interim directors' report also includes a reliable analysis of information on significant related party transactions.

26 August 2010

Claudio Albertini	Grazia Margherita Piolanti
Chief Executive Officer	Financial Reporting Officer

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

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

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

1. We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statements of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, changes in shareholders' equity and cash flows and the related explanatory notes, of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries (the "IGD SIIQ Group") as of June 30, 2010. Management of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

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

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 31, 2010 and on August 27, 2009, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of IGD SIIQ Group as of June 30, 2010 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 26, 2010

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

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

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.

DEVELOPMENT PIPELINE

Program for investments in development.

DIRECT COSTS

Costs directly attributable to the shopping centers.

DIVIDEND YIELD

The dividend yield, or price/dividend ratio, on a company's 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.

EBITDA

EBITDA, or Earnings before Interest, 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.

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.

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 shopping centers such as security services, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS

Pre-tax income to which the real estate portfolio depreciation and amortization expenses, the net change in the market value and current taxes are added.
It is the indicator most commonly used to evaluated a REIT's performance.

GENERAL EXPENSES

Undivided costs, not attributable to individual shopping 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.

HEDGING

Percentage of the total number of mortgage loans and bonds covered by IRS and securities.

HYPERMARKET

Property with a sales area in excess of 2,500 m^2 used for the retail sale of food and non-food products.

IPD

Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

INITIAL YIELD

The initial annual income from a real estate asset expressed as a percentage of its valuation at the time of purchase.

INTEREST RATE SWAPS / IRS

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 retailers found in a shopping center. A shopping mall is normally referred to as a mall.

MARKET VALUE (FAIR VALUE O VALORE EQUO)

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".

MID-SIZED STORES

Property with a sales area of between 250 m^2 and 2,500 m^2 used for the retail sale non-food consumer goods.

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 or *SIIQ* in Italy.

RETAIL PARK

Group of three or more complexes 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

Net income divided by net equity after dividends

SHOPPING 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.

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.

STORE

Property used for the retail sale of non-food consumer goods.

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.