

“Sustainability is the ability to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.

The World Commission on Environment & Development, 1987

SUSTAINABILITY REPORT 2010 – LETTER TO STAKEHOLDERS

Dear Stakeholder,

Sustainability has always been an **integral part** of our way of conducting business.

The roots of our culture lay deep within the grounds of cooperation, in those principles that have inspired IGD with a balanced business model and a long term growth strategy. This important legacy has made it somewhat natural for us to pay a great deal of attention to our stakeholders' requests.

Operating within the large-scale retail segment of the real estate sector with a portfolio verging on 2 billion euros and with a leading position on the Italian market, **we feel we need to play our role responsibly.**

On the one hand, the thought of **our already valid portfolio in terms of sustainability** is comforting: we are convinced that if we had not had clear principles to follow in the economic-financial, corporate and environmental fields we would not have been able to achieve the healthy and consistent growth that IGD has accomplished and continues to accomplish since it was first listed.

On the other hand, the fact of having reached these targets does not exempt us from thinking about how to evolve and continually strengthen our “sustainable” business approach. Only in this way can we face the **growing complexity** that the external scenario offers us, regarding both the aspects connected to the important size that our business has reached and the unmistakable discontinuity in consumptions that the economic crisis has caused. Indeed we compete with this complexity every day: we operate in **different contexts** – in 11 regions in Italy and in 13 cities in Romania – and we communicate daily with a **large number of people**, including, for example, approximately 1,150 tenants that rent spaces in our shopping centres. With regard to the **changes produced by the crisis**, we said: understanding correctly the altered needs of our end customers in this difficult period of recovery from the recession will be a crucial factor for success.

More generally, we are witnessing **profound changes in all the areas** in which our stakeholders can be found. We can feel the urgency with which our society strives to see more regulated, transparent and “responsible” procurement processes in companies. We understand the new expectations of workers in terms of suitably enhancing their commitment and talent, in terms of equal rights and of making family life and work life coexist. Lastly, we

are aware of how focused institutional investors are – and not only the ethical or “green” ones – on the systems of governance and the social and environmental performance of listed companies.

We have therefore felt the need to provide our endeavours with a **method**, a **standard** and **precise targets**: this first Sustainability Report is the result.

First of all we have **mapped our stakeholders** in order to understand towards whom we are responsible and for what. This has led us to identify six distinct areas of interest bearers: those who work in IGD, the tenants that represent our business counter-parts, our suppliers, shopping centre visitors and local communities and finally, the financial community represented by our shareholders, our debt capital financiers and the specialised press. Lastly, we have put the environment into a specifically dedicated area.

For each area we have defined **guidelines** to help us communicate with that particular stakeholder category. Then we have identified and calculated several **performance indicators**, which enable us to measure the significant impact of our business. As this is our first Sustainability Report, the data refers to 2010: starting from next year we will be able to verify the evolution of our performance, but not only this, as we will also be able to verify the extent to which we have met our **improvement targets** that we have committed ourselves to achieving; targets that we have set both for the short and medium term.

We believe that all the targets that we have set for the future represent a great challenge for us. Even though we are just at the beginning of this path of sustainability, this Report being the first step, we count on being able to take advantage of the fact that not only have we established clear and correct relations with our stakeholders but we have also always **listened** to them and have often **involved** them in our decisions.

A lot of companies, for example are committed, within the scope of their business, to respecting the territory within which they operate: for us this is not enough. We believe we must enter into the communities, analyse them, understand their needs and, by creating or restyling a specific shopping centre, offer an effective response. We realise that the presence of our centres alters the landscape, the traffic and the local life: it produces an environmental and social change. We are in daily contact with the local authorities, with the consumer associations and with the traders’ associations, because we believe that just the fact of managing to create an attractive proposal in terms of products and services for the end customers in the specificity of each individual territory, can ensure interesting returns for the tenants and, in the end, recurring positive results for IGD.

In 2010 we launched a new Group marketing plan, the synthesis of which can be found in its payoff: “**IGD, spaces to be lived in**”. Our shopping centre sets out to be attractive under different profiles and not only in response to consumer needs and for a varied public in terms of interests and ages groups. The plan unites a series of retail initiatives with those of a social-cultural nature. This common identity, however, is always then developed to take into account the characteristics of the local area.

Similarly, as far as the organisation of a determined merchandising mix and tenant mix to be included in a specific mall are concerned, we never “drop” a predefined ideal combination onto an area: we try and reflect on the consumer types of the local inhabitants and to represent what the local retailers have to offer.

IGD has come through the most important economic-financial crisis of the last few decades closing **2010 with record results** in terms of revenues, operating margins and profits that the Board of Directors proposed to distribute to IGD’s shareholders. **The investment plan has never halted**: over the last two years IGD’s portfolio has expanded with the addition of six new shopping centres, and, as shown in the 2009-2013 Strategic Plan, IGD is **still committed to further growth**, not only in terms of its real estate portfolio, but also in terms of gaining **higher profitability**, with a forecasted portfolio yield at the expiry of the plan of between 6.4% and 6.5%. Invest “responsibly” means, in fact, to have enough returns to be able to recompense our shareholders and financiers: in order to do this we must be able to count on revenue flows from rents coming from tenants that are capable of sustaining those rents throughout the economic cycle.

In IGD, profitable growth and the ability to maintain a healthy economic-portfolio situation even during the crisis has been, and in the future will remain, possible because **the strategic plan targets form part of a path of sustainability**. In 2010, for example, when facing an enduring weakness in household consumptions, IGD defined a policy of temporary discounts to help tenants that were valid but with momentary difficulties and it followed a prudential control of facility management costs: a decision dictated by the desire to reconcile IGD’s own plans with its business counter-parts’ economic state of health.

Lastly, we hope that this Sustainability Report is carefully read by all of you so that you can **understand** our endeavours better and **help us achieve the targets** we have set. We would like to ask you, therefore, to provide us with your comments so that this Report can become a further incentive for a constructive dialogue with our stakeholders.

We are extremely grateful to all of you for your **contribution** in having helped IGD achieve the aforementioned targets: we would like to thank our employees who with everything they do every day, determine what IGD is for others. We would like to thank our shopping centre

customers, tenants, investors, financiers and suppliers who every day believe in us and continue to work together with us.

You can count on **our commitment** to remain faithful to our responsible approach and to achieve the targets stated in our strategic plan, which can guarantee us a solid economic-financial profile. We will try to understand better and better the needs of our stakeholders and we will make every effort once again in 2011 to meet those needs to the widest extent possible.

We will work together to make IGD, which we believe today is already a great company, into an even better one.

THE CHAIRMAN



GILBERTO COFFARI

THE CHIEF EXECUTIVE OFFICER



CLAUDIO ALBERTINI

METHODOLOGICAL PREFACE

This document is the first Sustainability Report drawn up by Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ for short) and it describes the characteristics of Immobiliare Grande Distribuzione SIIQ S.p.A. Group (IGD from herein), the recent phases relating to its growth, targets for future development and **the main results obtained during 2010 regarding economic, environmental and social sustainability.**

A lot of people in the headquarters and in the network have been involved in the phase leading up to the creation of this Report and they have contributed by sending the necessary data and relevant remarks. This is what has made the publication of this Report possible and in such a way as to make it a management tool for the Company at all levels, right from the first issue.

This document reports the strategies and the economic, social and environmental performance that the Company achieved during 2010 for each stakeholder, starting from mapping the stakeholders that are important for IGD.

To make this information explicit, each section of this Report is organised as follows:

1. **Guidelines**, which represent the strategy that steered the actions and the results obtained during the year.
2. Description of **actions and results** obtained during the year to which the report refers, with the aid of indicators.
3. **Improvement targets**, identified by the Work Group, with the specification (in brackets) of both the year in which they are to be pursued and whether they refer to Italy, Romania or both.

Contents of the Sustainability Report

This Report has been drawn up following the report guidelines of the Global Reporting Initiative (GRI-G3), which provide a globally recognised framework for reporting economic, social and environmental performance.

In order to ensure the **completeness** and **relevance** for the stakeholders, in other words materiality, of the matters dealt with in this Report, different elements were taken into account when defining the fields to be covered:

- The matters of sustainability that characterise the **real estate sector**. For this purpose the sectorial Guidelines drawn up by GRI ("Sustainability Reporting Guidelines - Construction and Real Estate Supplement") have been analysed and a benchmark has been created on the matters dealt with by our main Italian and European competitors when reporting sustainability;
- IGD's mission, values and **corporate strategy**, whose cultural roots and history put social responsibility, economic sustainability and business ethics at the heart of its

organisation. In order to identify in detail the aspects of the business in which IGD's "sustainable" approach is manifested, the Company's plans have been analysed and internal interviews have been carried out with the managers of all the different sections of the Company;

- The matters of larger interest for IGD's **stakeholders** and in particular for the investor and financial community, which places more and more emphasis on the extra-financial aspects of corporate performance.

Perimeters

The information refers to the period 1 January – 31 December 2010. Most of the indicators are accompanied by the comparison with the performance regarding both 2008 and 2009.

The activity and the indicators that have been reported refer to Immobiliare Grande Distribuzione SIIQ S.p.A. Group. The information contained in paragraph 1.5 (Governance System) and in Section 2 (Shareholders, Investors and Financial Community) refers to the group leader IGD SIIQ S.p.A., which exercises steering and control power over all the other companies of the Group¹.

¹ Please see page 8 for further details on the Group structure

1. IDENTITY

1.1 ABOUT US

IGD Immobiliare Grande Distribuzione S.p.A., listed on the Italian Stock Exchange since February 2005, was the first SIIQ - Società di Investimento Immobiliare Quotata (Real Estate Investment Trust) - in Italy.

IGD S.p.A. was founded in 2000 following the transfer of a large part of the real estate portfolio owned by Coop Adriatica and Unicoop Tirreno, with the aim of consolidating the experience gained over the previous years in the real estate sector by creating a specialised company capable of operating in the sector in a competitive manner.

Today, IGD Group is a leading organisation in Italy for the development, purchase, management and rentals of retail properties as well as for the commercialisation and facility management services offered to properties belonging to third parties.

HISTORY

1977-1999: the long journey of ESP, which in 1983 became part of the Coop world

- 1977: ESP Dettaglianti Associati S.r.l. was founded and its primary objective was that of company rentals and property rentals for the sale of non-food products in the Ravenna area.
- 1998: building of the first shopping centre

2000-2004: with the two partners, Coop Adriatica and Unicoop Tirreno, IGD was founded and continued to develop

- 2000: the name of the company became "Immobiliare Grande Distribuzione S.p.A.", with the transfer of two shopping centres from Coop Adriatica.
- 2001: three companies controlled by Coop Adriatica were merged with IGD (Did Immobiliare S.r.l., Iper San Benedetto S.r.l., Centro Leonardo S.p.A.)
- 2003: Ipercoop Tirreno became a shareholder of IGD, to later sell its shares to Unicoop Tirreno (ex Coop Toscana Lazio).

2005: IGD was listed on the stock exchange to sustain an intense development process

- Listing on the Italian stock exchange, with a portfolio of 7 shopping centres, 5 hypermarkets and 1 supermarket.
- A development plan was undertaken calling for investments of 810 million euros over the three year period 2005-2008.

2007: RGD was founded; launch of a new three year investment plan

- RGD (Riqualificazione Grande Distribuzione) was founded, a 50-50 joint venture between Beni Stabili and IGD
- With the investment targets being reached one year early, a new investment plan calling for 800 million euros was launched.
- IGD launched a capital increase of approximately 98 million euros and issued a 230 million euro convertible bond.

2008: acquisition in Romania and the transformation into a SIIQ

- IGD took over Winmarkt Magazine SA, which controlled a portfolio of 15 shopping centres in 14 different cities in Romania.
- IGD opted for the SIIQ - Società di Investimento Immobiliare Quotate (Real Estate Investment Trust) - tax regime, becoming IGD SIIQ.

2009: new openings of shopping centres and the arrival of a new Chief Executive Officer

- IGD continued with its planned investments with important openings of new shopping centres.
- On 30 April Claudio Albertini, already a Director of IGD and Manager of UGF Group, was nominated as the new Chief Executive Officer.
- At 31 December 2009 the market value of the Group's real estate portfolio exceeded 1.7 billion euros.

2010: IGD inaugurated another two new shopping centres and sold its 50% stake in RGD

- In the last two months of the year IGD inaugurated "La Torre" shopping centre in Palermo and "Coné" shopping centre with adjoining retail park in Conegliano.
- The sale of its 50% stake in RGD joint venture to Beni Stabili was carried out in December.
- At 31 December 2010 the market value of IGD's real estate portfolio exceeded 1.8 billion euros, according to an appraisal carried out by an independent expert.

FOCUS: THE COMMITMENT TO BEING A SIIQ

IGD was the first SIIQ (REIT) in Italy in 2008.

The special SIIQ - Società di Investimento Immobiliare Quotate (Real Estate Investment Trust) regime was introduced and governed by law 296 of 27 December 2006 and subsequent amendments, and by ministerial decree 174 of 7 September 2007, its aim being that to facilitate the Italian real estate market, making it competitive compared to the other European markets.

The law provides that those real estate companies that predominantly deal in property rentals and equivalent (if they satisfy the necessary requirements*) can benefit from a special tax regime which exempts them from IRES (corporate income tax) and from IRAP (regional tax on production) on business income and production value deriving from the rental operations themselves. The tax relief given to the company is compensated by the obligation to distribute profits in a measure equal to at least 85% of the profits deriving from the exempt operations. In this way, part of the tax burden is “transferred” from the company onto the shareholder, who, however, is not completely penalised thanks to the high share of profits received.

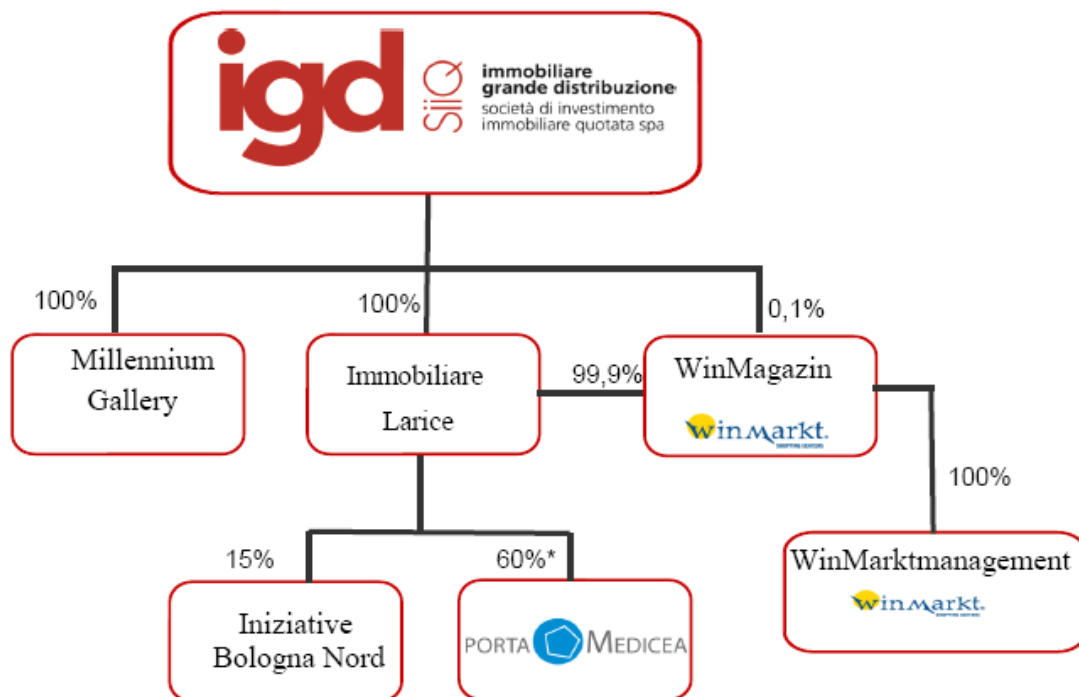
In order to benefit from being classified as a SIIQ (REIT), the predominant activity of the company must be company rentals and leasing of freehold properties (and/or other property rights). Companies that deal substantially in trading and property development operations for the purpose of selling cannot, therefore, benefit from this regime.

** further details in paragraph 2.2.1*

1.1.1 GROUP STRUCTURE

IGD Group operates in Italy and Romania. The properties that fall within the perimeter of “exempt” operations, that are in SIIQ (REIT) tax regime, are the freehold properties in the Italian portfolio.

Immobiliare Larice is the subsidiary that groups together most of the operations that do not fall within the SIIQ (REIT) perimeters (Winmarkt, Iniziative Bologna Nord and the stake in Porta Medicea for the development of the “Porta a Mare” project in Livorno).



*The participation was consolidated at 80% in consideration of the Put&Call option on the 20% minority stake

1.2 MISSION AND VALUES

1.2.1 MISSION

IGD Group's mission is to create value for its stakeholders.

The company believes that the way to create value is by means of sustainable growth.

1.2.2 CHARTER OF VALUES

- **Honesty** → because the end (whether personal or corporate) never justifies the means
- **Transparency** → because “we do what we say” and “we say what we do”
- **Far-sightedness** → because we work for our tomorrow and for that of the future generations
- **Reliability** → because we honour our commitments and we do not make choices that jeopardise the continuity of the company
- **Optimisation** → of invested capital, of human capital, of real estate capital, of the environment in which we operate
- **Responsibility** → towards all stakeholders (tenants, suppliers, colleagues, local bodies, ...)

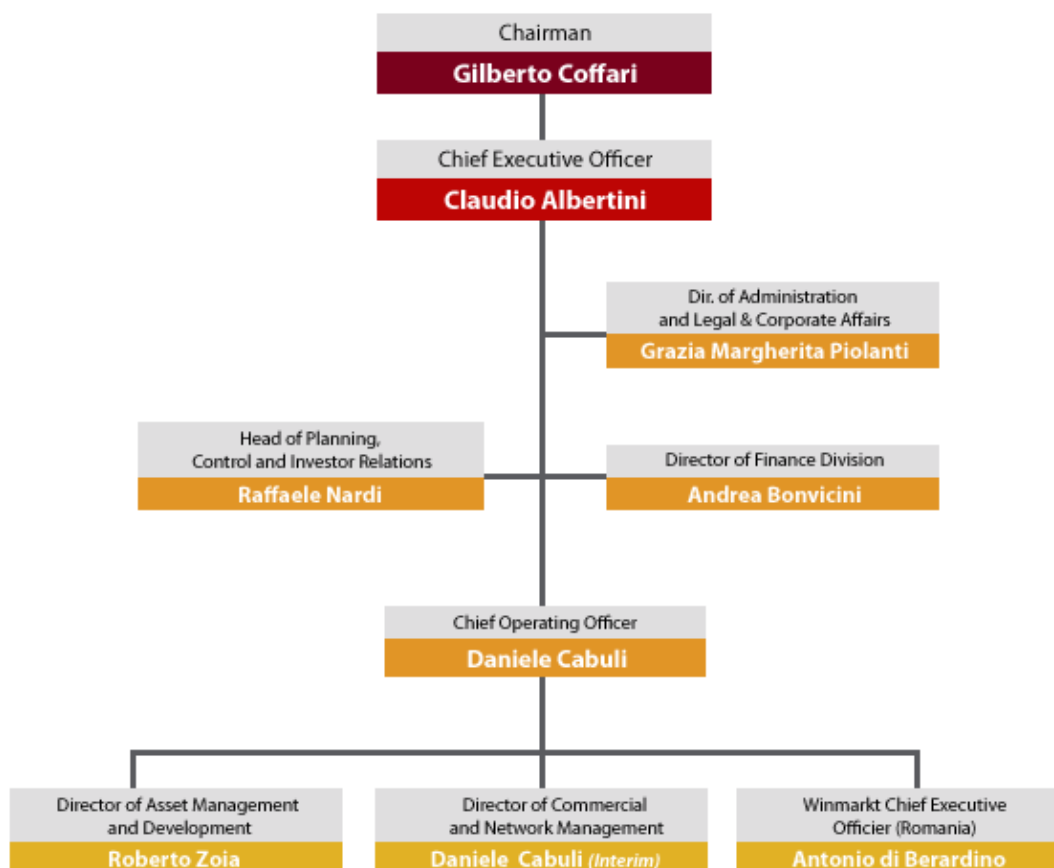
1.2.3 STAKEHOLDERS

IGD’s stakeholders are the people, the companies and the other organisations that add value to the organisation, they are influenced by its activities or are otherwise interested in them.



1.3 BUSINESS

1.3.1 ORGANIZATIONAL STRUCTURE



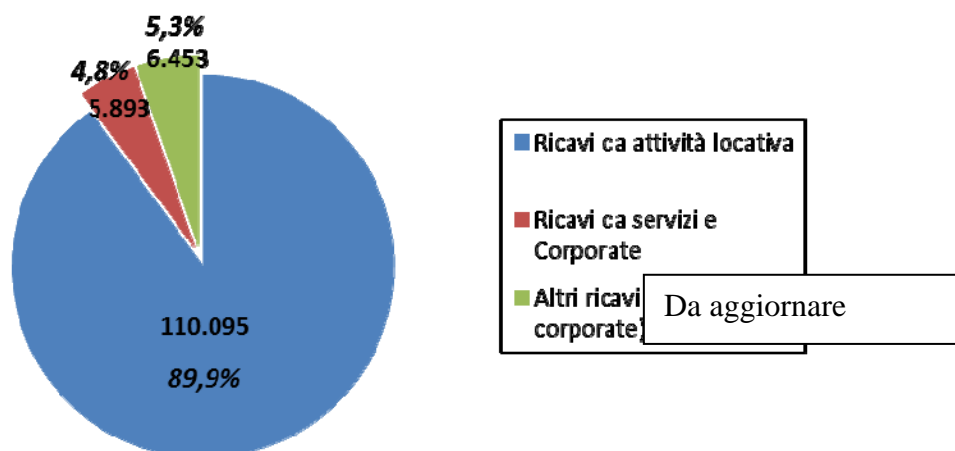
1.3.2 IGD'S BUSINESS

IGD's core business is represented by property rentals and management.

IGD maintains the ownership and management of its properties and also looks after the marketing and the direct management of the same. In order for the real estate portfolio to be correctly optimised, a great deal of attention is paid to the quality and to the prestige of the retail offer.

There is also a second line of business relating to services which puts to good use the years of experience that the Company has matured with the expansion and management of its own network and this is mainly represented by mandates, also on behalf of third parties, for facility management and marketing.

Figure 1 - Breakdown of consolidated revenues (Group) - €'000



Property rentals and management include all those activities that are necessary to increase IGD's real estate portfolio value and which can be distinguished in two macro areas (each with its own specific Director):

1. Real Estate Portfolio Management and Development

- Development
 - Purchase of already running shopping centres
 - Creation of new shopping centres
 - Development of new property solutions for non-commercial use
- Optimisation and management of real estate portfolio
 - Improvement measures (extensions, restyling) to update and modernise the structures
 - Supplementary maintenance and structural work like, roofing, system replacements etc.
 - Ordinary maintenance of systems, stairs, elevators and car parks.

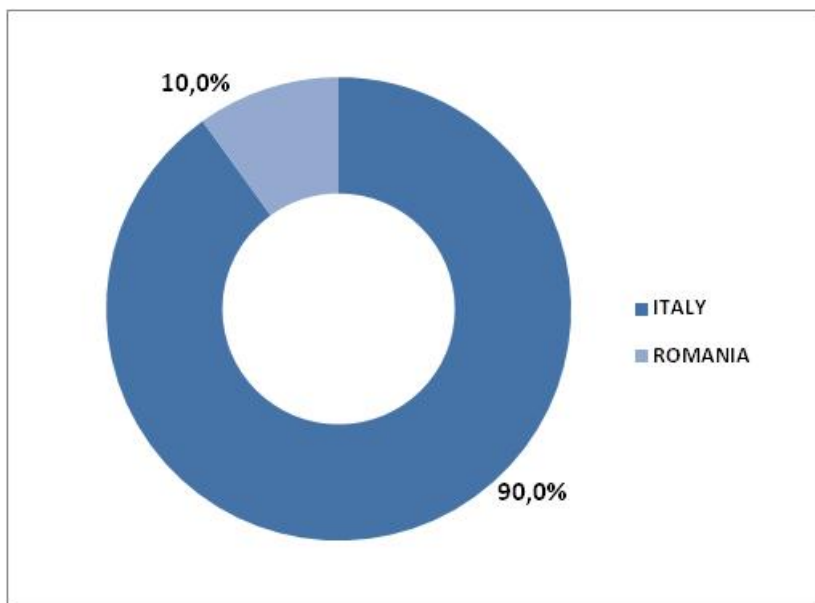
2. Network Management and Marketing

- Marketing of areas inside shopping centres (freehold or of third parties)
- Retail optimisation and marketing to increase attractiveness of the shopping centres (advertising campaigns, events)

- Operational management of shopping centres

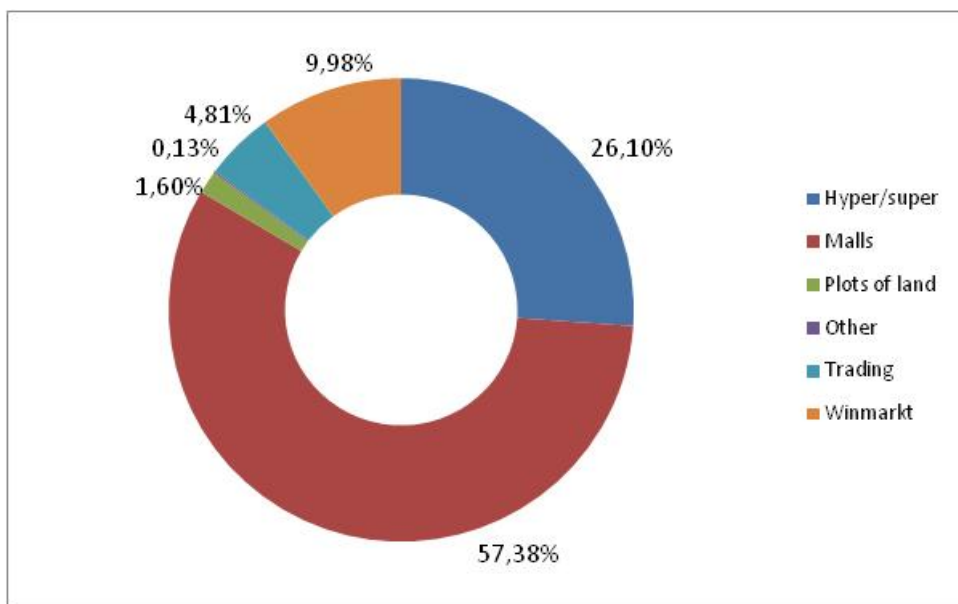
1.3.3 REAL ESTATE PORTFOLIO

Figure 2 - Breakdown of portfolio between Italy and Romania



IGD Group's portfolio is almost exclusively made up of hypermarkets and malls located inside medium to large sized shopping centres.

Figure 3 – Breakdown of portfolio (Italy) – 31 dec 2010



ITALY

The number of IGD's properties in Italy has reached 46 (including 50% of Darsena shopping centre), with the following property type breakdown:

- 19 malls and retail parks
- 17 hypermarkets and supermarkets
- 3 Land development plots
- 1 property for trading
- 6 others

E.Romagna: 5 Sh. Malls, 8 Hyper-Super, 1 land; 3 others

Piedmont: 1 Sh. Mall + 1 Sh. Mall +RP

Lombardy: 2 Sh. Malls,

Trentino: 1 Sh. Mall

Veneto: 1 land; 1 Sh. Mall + RP

Marches: 1 Sh. Mall, 3 Hyper, 3 others, 1 land

Abruzzo: 1 Sh. Mall; 1 Hyper

Campania: 1 Sh. Mall; 1 Hyper

Latium: 2 Sh. Malls; 2 Hyper

Tuscany: 1 Sh. Mall, 1 Hyper, 1 property for trading

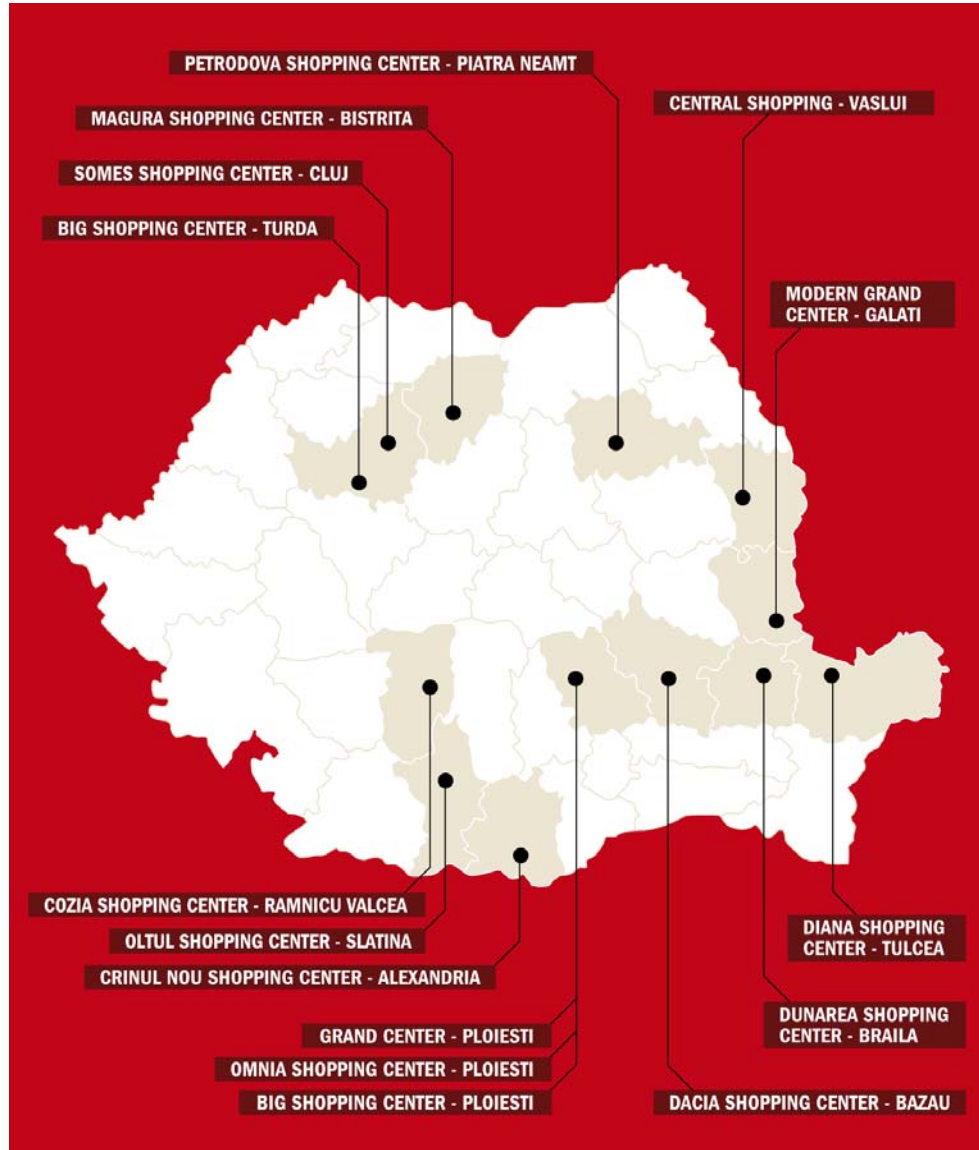
Sicily: 2 Sh. Malls, 1 Hyper



excluding RGD

ROMANIA

- 15 department stores situated in city centres
- 1 office building



In December 2010 IGD Group sold its 50% stake in RGD srl to Beni Stabili Spa and simultaneously purchased back from RGD s.r.l. 50% of Darsena Shopping Centre.

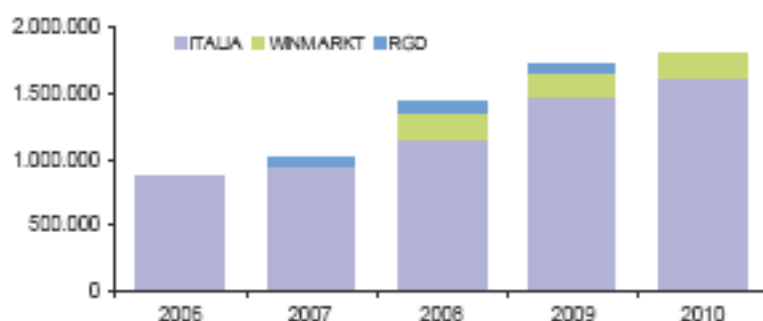
The breakdown of IGD's real estate portfolio is still characterised by properties destined for retail purposes distributed over Italy and Romania and by assets in progress deriving from properties under construction in Italy.

As at 31 December 2010 IGD Group's real estate portfolio had reached a market value, calculated by independent appraiser CB Richard Ellis, equal to 1,803.98 ML/€ (+9,2% compared to the previous year).

This value has continued to increase over time thanks to a combination of factors:

- The significant rise in prices recorded in the real estate market up to the end of 2007
- The commercial success of its existing centres
- The rapid process of investments carried out by IGD, obtained whilst maintaining a high quality portfolio.

Figure 4 – Market value of portfolio (Group) - €



1.4 STRATEGIC LINES FOR THE FUTURE

1.4.1 VISION

The Italian market still has interesting development opportunities to offer...

The retail segment of the Italian real estate market is still interesting, despite the reduced spending power and consumption changes in Italian families.

... if you know how to find the right geographical presence...

A careful analysis on a local level so as to fully understand the specific characteristics and needs of the area is, however, a vital factor in order to identify correctly any opportunities for new openings or for renovating existing structures.

... to operate with a view to sustainability...

Never before as in this period has the decision to follow a path of “sustainable” growth, adopted by IGD since the start, proven to be so rewarding. This involves establishing long term relationships with the hypermarket and mall tenants with the aim of sustaining the tenants’ economic state of health instead of maximising its own revenues per square metre. Thanks to the fact that IGD has always adopted this vision, today not only can it easily meet the challenges that the current complex context sets at all business levels but it can also exploit some interesting opportunities by means of offering innovative formats for new shopping centres.

... offering new formats

IGD’s leadership is based on specialisation and innovation, meaning the ability to interpret changes and to offer suitable responses: for this reason, it will focus its effort on creating and promoting new formats capable of satisfying the needs of the areas in which it is operative.

1.4.2 2009-2013 BUSINESS PLAN

IGD has been following a carefully planned development policy:

- In 2005, when it was first listed on the Stock Exchange, it launched an investment plan worth 810 million euros.
- In 2007 it then launched a new 2008-2012 investment plan worth a further 800 million euros, with investments that had, to a large extent, already been identified with preliminary contracts drawn up.

Despite the considerable change in the macroeconomic and sector context compared to the scenario on which the previous plan was set (2008-2012), the new strategic 2009-2013 plan, first presented in November 2009 and updated in November 2010, includes new investments for a further 150 million euros to be carried out in the historical centre of important Italian cities. The new investment plan, culminating in 2013, totals an amount of 750 million euros.

THE PILLARS OF THE 2009-2013 BUSINESS PLAN



The new Business Plan, first of all, reasserts IGD's mission to concentrate on the retail sector and on the Italian market: the Group, in other words, intends to leverage its strong points which have always characterised it, in order to obtain even more positive results.

IGD also aims at becoming an even bigger Group. Its target is to reach a real estate portfolio value of 2.2 billion in 2013, by means of a growing force driven by the new forecasted investments.

Thirdly, the plan seeks to further improve IGD's profitability, aiming at raising its average portfolio yield from the current 6.3% to 6.5%, by means of carefully managing its existing portfolio and coherently selecting new investments.

These targets have been set with a view to sustainable growth. Indeed, the investment plan will be financed without having to increase capital and it will maintain a balanced debt structure that will continue to be mainly long term, consistent with the investment structure.

This growth will largely be reflected in an increased dividend yield for shareholders who can expect to receive a continuously growing dividend over the next few years.

1.5 GOVERNANCE SYSTEM

The Corporate Governance system represents the set of rules and code of conduct adopted by IGD SIIQ to ensure efficiency and transparency in the corporate governing bodies and control systems.

IGD SIIQ, when laying out its governance structure, adopted the applicable principles and criteria recommended by the Corporate Governance Code for Listed Companies, released by the Italian Stock Exchange in March 2006.

1.5.1 CORPORATE BODIES

Table 2: structure of the Board of Directors and Committees at 31 December 2010

Board of Directors											Internal Control Committee		Compensation Committee		Nominations Committee		Lead Independent		Chairman's Committee		Supervisory Board		Committee for Related Party Transactions			
Office	Members	In office since	In office until	List (M/m) *	Exec.	Non exec.	Indep. as per the Code	Indep. under TUF	(%) **	N. of other appointments ***	****	****	****	****	****	****	****	****	****	****	****	****				
Chairman	Coffari Gilberto	23-4-2009	31-12-2011	M		x			100%	11									x	86%						
Chief Executive Officer	Albertini Claudio	23-4-2009	31-12-2011	M	x				100%	12									x	100%						
	Zamboni Roberto	23-4-2009	31-12-2011	M		x			44%	5									x	71%						
	Costali Sergio	23-4-2009	31-12-2011	M		x			56%	6	x	80%							x	43%						
	Caporioni Leonardo	23-4-2009	31-12-2011	M		x			56%	6	x	80%														
	Pellegrini Fernando	23-4-2009	31-12-2011	M		x			56%	2																
	Canosani Aristide	23-4-2009	31-12-2011	M		x	x	x	100%	5	x	100%							x	100%						
	Carpanelli Fabio	23-4-2009	31-12-2011	M		x	x	x	100%	4			x	100%					x	100%						
	Franzoni Massimo	23-4-2009	31-12-2011	M		x	x	x	56%	1	x	100%							x	50%						
	Gentili Francesco	23-4-2009	31-12-2011	M		x	x	x	100%	2			x	100%					x	50%			x	100%		
	Parenti Andrea	23-4-2009	31-12-2011	M		x	x	x	100%	22			x	100%					x	100%			x	100%		
	Sabadini Riccardo	23-4-2009	31-12-2011	M		x	x	x	67%	2			x	100%					x	100%			x	100%		
	Boldrighini Giorgio	23-4-2009	31-12-2011	M		x	x	x	89%	1			x	100%					x	100%			x	100%		
	Santi Sergio	23-4-2009	31-12-2011	m		x	x	x	89%	14			x	100%					x	50%	x	86%	x	100%		
	Pirazzini Corrado	23-4-2009	31-12-2011	M		x			89%	14																
Directors who vacated office during the year																										
Quorum required for submitting lists at the latest election:																										
N. of meetings held as of 1 January 2010											BOD: 9		ICC: 5		CC: 2		NC: 2		LI: 2		ChC: 7		SB: 4		RPT: 2	

Notes:

- * M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).
- ** This column reports the percentage of meetings of the Board of Directors and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period in office).
- *** This column reports the number of appointments held by the person concerned as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies. The list of these companies for each director is attached to this Report, indicating whether the company in which the appointment is held is a member of the group headed by the Issuer.
- **** This column indicates with an "X" the director's membership of this committee.

The Board, appointed by the Shareholder's during the Shareholders' Meeting held on 23 April 2009, will remain in office until the Meeting for the approval of the financial statements for the year closing at 31 December 2011. The Independent directors and their various roles on the Board have been highlighted in red.

Table 3: structure of the Board of Statutory Auditors at 31 December 2010

Board of Statutory Auditors									
Office	Members	In office since	In office until	List (M/m)	Indep as per the Code	** (%)	N. of other appointments***	**** (%)	
Chairman	Conti Romano	23-04-2009	31-12-2011	m	X	100%	19	67%	
Standing Auditor	Chiusoli Roberto	23-04-2009	31-12-2011	M	X	100%	6	67%	
Standing Auditor	Gargani Franco	23-04-2009	31-12-2011	M	X	100%	21	67%	
Alternate Auditor	Landi Isabella	23-04-2009	31-12-2011	M					
Alternate Auditor	Manzini Monica	23-04-2009	31-12-2011	m					
Statutory auditors who vacated office during the year									
Name									
Quorum required for submitting lists at the latest election:									
Number of meetings held during the year: 9									

Note:

- * M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).
- ** This column reports the percentage of meetings of the Board of Statutory Auditors attended by the statutory auditors (no. attendances/no. Meetings held during the auditor's effective period in office).
- *** This column reports the number of appointments held as a director or statutory auditor that are relevant for the purposes of art. 148-bis TUF. The complete list of appointments, pursuant to art. 144-quinquiesdecies of the CONSOB Issuer Regulations, is appended to the statutory auditors' report on their monitoring activities, prepared in accordance with art. 153 par. 1 of TUF.
- **** This column reports the percentage of BoD meeting attended by statutory auditors (no. attendances/no. meetings held during the auditor's effective period in office).

The Board of Statutory Auditors is in office for the three year (period 2009-2011).

Independent Auditors

Reconta Ernst & Young S.p.A.

1.5.1.1 SHAREHOLDERS' MEETING

The Shareholders' Meeting is the body whose decisions express the will of the shareholders. In particular, the Shareholders' Meeting:

- approves the financial statements
- appoints the Board of Directors, the Board of Statutory Auditors and the Independent Auditors
- establishes the compensation of the members of the Board of Directors and of the other corporate bodies
- has the power to alter the Statute

The Company, in compliance with the provisions of the law introduced by Legislative Decree 27/2010 which assimilated the "Shareholder's right" Directive, amended its Statute in

December 2010 in order to facilitate shareholder participation in the company and, in particular, the exercise of shareholder voting rights.

1.5.1.2 BOARD OF DIRECTORS

The role of the Board of Directors is to define the strategic trends of the Company and Group and it is responsible for management governance. It is currently made up of 15 members who will remain in office for three years until the Meeting for the approval of the financial statements relating to year 2011.

The majority of the directors (8 out of 15) are independent. In April 2009, in order to further enhance the role of the independent directors, the BoD resolved to introduce a Lead Independent Director, appointing Director Riccardo Sabadini.

In order to regulate the maximum number of administration and controlling roles held by the directors, the Company, at the Nomination Committee's suggestion, has adopted the Regulations called "Restrictions to the plurality of roles held by the directors".

In the above mentioned Regulations, the idea of "plurality" does not refer to the simple number of roles, instead it attributes a "weight load" to each type of role in relation to the nature and size of the company, as well as to the office held by the IGD directors in other companies. In view of this, the IGD Board of Directors believes that the criteria relating to the weight load attributed to each role and the maximum value permitted can vary according to whether they refer to the role of Chairman or executive director or instead to non-executive director or member of the Board of Statutory Auditors. Furthermore, the weight load of the role held varies in relation to the nature and the size of the company: those considered as belonging to Group A are the listed companies, banks, insurance companies and finance companies of significant size. In view of the predefined objective requirements identified by the Regulations, all the other remaining companies belong to Group B.

The above mentioned general criteria were first proposed by the Nomination Committee and subsequently approved by the IGD Board of Directors in view of the prerogative that to hold the role of director, the individuals appointed must have enough time available to effectively carry out the duties entrusted to them.

COMMITTEES WITHIN THE BOARD

Nomination Committee

The Nomination Committee is made up of three directors, all of which are independent and non-executive.

Their role is propositional and advisory, particularly regarding the identification of the ideal number of Directors and the choice of the Company's top figures. The Committee's perspective is that of guaranteeing a suitable level of independence of the directors with regard to management.

Compensation Committee

The task of the Compensation Committee is to present proposals for the compensation of directors with particular roles to the Board and to periodically assess the criteria adopted for the compensation of the directors with strategic responsibilities, supervise the applications of the same and provide the BoD with recommendations on the subject. It is made up of 3 independent directors.

A part of the variable compensation of the Chief Executive Officer and the directors is linked to the economic results obtained by the Company. Instead, no share incentive programmes exist for the Chief Executive Officer or the directors.

Executive Committee

The Executive Committee is made up of the Chairman, Vice-Chairman, Chief Executive Officer and two directors, Roberto Zamboni and Sergio Santi (independent).

The Executive Committee has an advisory and investigatory role, contributing to the identification of development policies and of strategic and operational plan guidelines to be submitted to the Board of Directors.

In particular, the Committee is called upon to express its opinion regarding strategically important development and investment programmes, that is those capable of having a significant effect on the value and composition of the corporate portfolio or of significantly influencing the share price.

Committee for Related Party Transactions

The Committee for Related Party Transactions was established in accordance with the Consob Regulations at the end of 2010 and took over the Internal Control Committee's duty regarding related party transactions as of 1st January 2011.

The Committee for Related Party Transactions is made up of three independent directors and it expresses its opinion on the Company's interest in carrying out transactions (that involve the two reference shareholders) of minor significance, as well as on the advantage and essential correctness of the relative conditions, whereas in the event of more significant transactions, the Committee is involved in the negotiations and preliminary investigations.

1.5.1.3 BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors sees that the law and the Statute are complied with and it has a controlling role over corporate management, verifying, in particular, the observance of correct administration principles and the adequacy of the organisational, administrative and accounting systems adopted by the Company. Furthermore, the Board supervises the actual implementation procedures of corporate governance rules as foreseen by the Corporate Governance Code.

1.5.2 INTERNAL CONTROL SYSTEM

The internal control system of the Company and the Group is the set of rules, procedures and organisational structures that permit, by means of adequate identification, measuring, management and monitoring of the main risks, a healthy, correct and coherent conduction of business with predefined targets.

An effective internal control system helps to ensure the protection of the corporate portfolio, the efficiency and effectiveness of corporate transactions, the reliability of financial information and the compliance with laws and regulations. In 2010 Winmarkt was also included within the boundaries of the Group's Internal Control System, bringing to a close the project started in 2009, designed to render all the main internal procedures uniform.

IGD's internal control system is made up of the Internal Control Committee, the Executive Director responsible for overseeing the functionality of the internal control system, the Person in Charge of internal control and the Director in Charge of drawing up the accounting records.

The Internal Control Committee aids the Board of Directors in establishing the steering guidelines of the internal control system so that the main risks regarding the Company and its subsidiaries are correctly identified, measured, handled and monitored, defining, in addition, criteria that ensure that said risks are compatible with a healthy and correct conduction of business. The Internal Control Committee is made up of 3 non-executive directors of which two are independent.

The director responsible for overseeing the functionality of the internal control system has been identified by the BoD as the Chief Executive Officer who in turn has been assigned the tasks of identifying the main corporate risks, implementing the steering guidelines defined by the Board of Directors, proposing nominations, revocations and compensations of one or more Persons in Charge of internal control.

The Person in Charge of internal control, who is the person responsible for the Internal Audit, is assigned the role of setting out a "work plan" for audits and of verifying that the internal control system is adequate, effective and up and running.

The Director in Charge of drawing up the corporate accounting records is responsible for attesting that all the deeds and communications disclosed by the company to the market regarding accounting information, including interim information, correspond to the corporate documentation, account books and bookkeeping entries. The Director in Charge, appointed in 2007, has prepared administration and accounting procedures suitable for compiling both

accounting period financial statements and consolidated financial statements as well as all other financial disclosures. To help this person carry out their designated duties, IGD SIIQ has identified a specific figure (Person Responsible for the administrative and fiscal procedures), who cooperates with other corporate functions to comply with the legal provisions.

RISK MANAGEMENT

In order to be equipped with tools that are more aligned with risk management and control needs than those imposed by the complexity of the organisation, i.e. the status of listed company, and by business dynamics, IGD SIIQ has set up a process to define an integrated risk management model which is inspired by the globally renowned standards relating to Enterprise Risk Management (ERM). This “ERM” model is designed to aid Top Management in identifying the main corporate risks and the way in which they can be managed, in order to determine any necessary defence mechanisms. The main purpose of this is to adopt a systematic and proactive approach that includes the identification of risks, an advance assessment of potential negative effects, the implementation of timely mitigation actions and the continuous monitoring of the exposure to each risk and of the results of the actions undertaken.

The ERM project, the results of which were presented to the BoD in December 2010, has enabled the company to implement an integrated and systematic strategy for identifying, measuring and assessing the main risks on a strategic, operational, financial and compliance level, carried out with the involvement of the Group’s Top Management. Furthermore, a specific project is forecasted to start in 2011, which has been designed to equip the Group with methodological and operational tools aimed at adopting in full the designated ERM model and at implementing the principal controls on the identified risks.

1.5.3 ORGANISATIONAL MODEL 231 AND CODE OF ETHICS

In May 2006, IGD SIIQ adopted an Organisational, Management and Control Model in compliance with legislative decree 231/01, with the purpose of reinforcing its own internal control system and making it suitable for the prevention of legal offences committed by its directors, employees, co-workers or partners.

The adopted model is a set of general principles, rules of conduct, control tools, organisational procedures, training and informative programmes and a disciplinary system, aimed at ensuring that no foreseen offence is committed. In order to ensure that the Model is used correctly, the Board of Directors has appointed a **Compliance Committee**, made up of three independent Directors, which has independent powers of initiative and control and which oversees the use of the model and the compliance with same, making sure it is always kept up-to-date.

The **Code of Ethics** is an integrated part of the Organisational Model. It pinpoints the values and principles, which must inspire and characterise the Company’s conduct and that of all its employees when dealing with other parties (employees, co-workers, clients, suppliers, authorities, institutions...).

The Code of Ethics and Model 231 together form the framework of conduct criteria which guarantees correctness and transparency when conducting business and carrying out corporate activities on behalf of IGD as a whole, safeguarding its position and image, the work of its employees, the expectations of its partners and of all its stakeholders.

During 2010 the Board of Directors took steps to update the Organisational Model following the introduction of new rules and regulations, as well as to include new protocols and a special part listing all the offences foreseen in the Decree with information that could be useful in identifying the offence and the defence mechanisms foreseen by the Company regarding the processes and the sensitive activities identified.

The training and informative programmes on the Code of Ethics and on the fundamental contents of Model 231 (designed for Directors and employees of the Company with roles exposed to risks considered in the Organisational Model) were carried out for the first time in 2006 and are repeated every time the Organisational Model is updated following the introduction of new rules, as was the case in 2008. Furthermore, all new employees are provided with the necessary information regarding the Organisational Model and the principles of conduct to be adopted whilst carrying out their duties.

Table 1 – Training on Organisational Model 231

	2010 (N)	2009 (N)	2008 (N)
Total hours of training	110	308	100
Number of employees trained	26	77	25

1.5.4 INTERNAL DEALING PROCEDURE

In 2006 IGD SIIQ approved the Internal Dealing code of conduct (related party transactions), in accordance with the law introduced by Consob, which governs the mandatory disclosures and conduct concerning transactions carried out by “important parties” of IGD, and by people closely connected to them, involving IGD SIIQ shares or other connected issues. In particular, the code of conduct establishes that all the non ordinary transactions carried out with related parties must be assessed by a committee of independent people to verify a series of requirements, for example that they are not prejudicial to minority shareholders’ interests.

This verification, which was previously the Internal Control Committee’s responsibility, was assigned to the Committee for Related Party Transactions in 2010.

2. SHAREHOLDERS AND FINANCIAL COMMUNITY

The guidelines for shareholders and financial community relations are:

- Transparency and consistency in information disclosure towards market
- Protection of minority shareholders

2010 was an important year for IGD Group. In an economic context which was still characterised by weak consumptions, signals still showing a slow recovery from the economic crisis and a sluggish situation in the real estate market, **the Group obtained its best results ever, starting from revenues, operational margins and up to the shareholders' dividends.**

2.1 CREATED WEALTH

2.1.1 2010 ECONOMIC RESULTS

The 2010 financial period closed with a net profit of 29.34 million euros, with a growth of 43.8% compared to the 2009 results. This positive change was due mainly to an increase in revenues, an improvement and better efficiency of cost management and less devaluation and change in the real estate portfolio fair value.

The revenues, amounting to 122.44 million euros, increase by 2.3% compared to the previous year. This increase was mainly due to the new openings carried out during the year, as well as to the contribution of the centres opened in 2009.



Table 1 - 2010 and 2009 Full Year Results - €'000

Consolidated Income Statement	FY 2009	FY 2010	Δ	%
Revenues from freehold properties	97,808	101,864	4,056	4.15%
Revenues from leasehold properties	8,735	8,231	(504)	(5.77%)
Revenues from services	6,238	5,893	(345)	(5.52%)
Operating income	112,781	115,988	3,207	2.84%
Other income	6,874	6,453	(421)	(6.13%)
Total revenues	119,655	122,441	2,786	2.33%
Income from works in progress	226	280	54	24.02%
Other costs	(6,874)	(6,453)	421	(6.13%)
Direct costs	(23,680)	(20,429)	3,251	(13.73%)
Direct personnel expense	(3,156)	(3,368)	(212)	6.71%
Divisional gross margin	86,171	92,471	6,300	7.31%
General expenses	(4,220)	(4,922)	(702)	16.64%
Payroll costs at headquarters	(5,418)	(5,232)	186	(3.43%)
EBITDA	76,533	82,317	5,784	7.56%
Other provisions	(160)	(563)	(403)	251.56%
Depreciation and amortization	(899)	(900)	(1)	0.15%
Impairment	(4,450)	(3,842)	608	(13.66%)
Change in fair value	(13,725)	(8,746)	4,979	(36.28%)
EBIT	57,299	68,266	10,967	19.14%
Financial income	2,693	2,675	(18)	(0.68%)
Financial charges	(37,362)	(38,019)	(657)	1.76%
Financial income/(charges):	(34,669)	(35,344)	(675)	1.95%
Income/(charges) from equity investments	0	(1,140)	(1,140)	n.a.
Pre-tax profit	22,630	31,782	9,152	40.44%
Income tax for the period	(2,222)	(2,510)	(288)	12.98%
Net profit	20,408	29,272	8,864	43.43%
(Profit)/Loss pertaining to minorities		68	68	n.a.
Group's portion of net profit	20,408	29,340	8,932	43.77%

Revenues from rentals increased by 3.3% compared to 2009, going from 106.54 to 110.09 million euros.

The divisional gross margin showed an increase of 7.3%, going from 86.17 million euros in 2009 to 92.47 in 2010.

Direct costs, including direct personnel costs amounted to 23.79 million euros, decreasing by 11.3% compared to 2009. General expenses, including headquarter personnel costs, amounted to 10.15 million euros, with an increase of 5.3% compared to 2009. This increase was mainly due to not recurring costs. On the other hand, an important fact worth noting is the reduction of total costs achieved by Winmarkt (-36%).

Net financial charges went from 34.67 million euros in 2009 to 35.34 million euros in 2010. This is a very positive result when considering the additional loans taken out to purchase the new shopping centres, which occurred in 2009 (but with full impact in 2010).

The tax burden, current and deferred, has an effect on pre tax results equal to 7.9% and this highlights the positive effects of IGD having adopted the SIIQ regime.



2.1.2 DISTRIBUTION OF CREATED VALUE

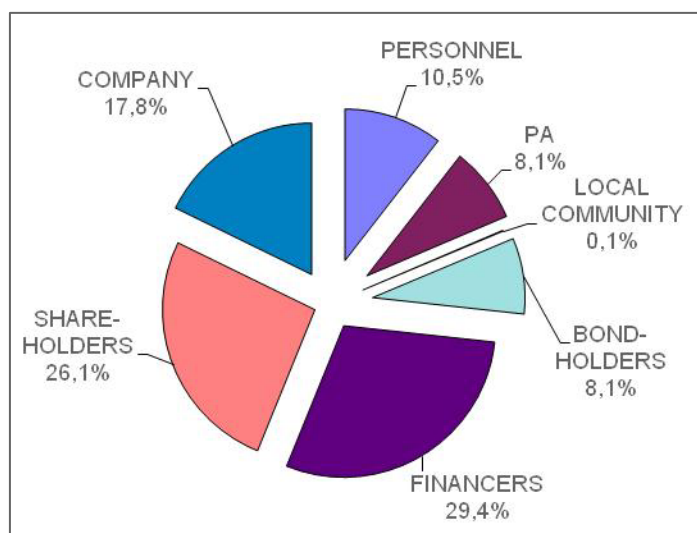
The activities carried out by IGD create an economic value, a part of which is “distributed” to the different stakeholders of the company under different forms: salaries for the work carried out by employees, public administration taxes, shareholders’ profits, compensation of the invested capital to bondholders. The value that stays with the Company is that which remains inside it in forms of funds and undistributed profits.

TOTAL CREATED AND DISTRIBUTED VALUE
€85,727,000

Figure 1

PERSONNEL	PA	LOCAL COMMUNITY	FINANCERS	BOND-HOLDERS	SHARE-HOLDERS	COMPANY
€9,001,000	€6,918,000	€75,000	€25,231,000	€6,911,000	€22,370,000	€15,221,000

Figure 2 - Distribution of created value



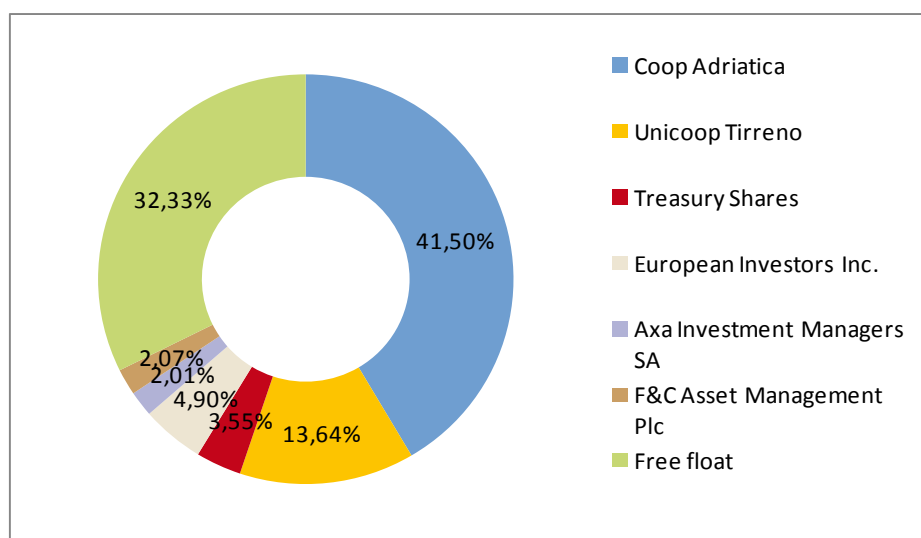
2.2 SHAREHOLDER STRUCTURE

IGD SIIQ SpA's corporation stock is made up of 309,249,261 shares each of a nominal value of 1 euro, distributed as follows:

Table 2 – Breakdown of shareholders

	Number of shares (at 21/04/2011)	%
Coop Adriatica	128,329,438	41.50%
Unicoop Tirreno	42,186,691	13.64%
European Investors Inc.	15,162,491	4.90%
Treasury Shares	10,976,592	3.55%
F&C Asset Management Plc	6,406,410	2.07%
Axa Investment Managers S.A.	6,200,448	2.01%
Free float	106,393,601	32.33%
TOTAL	309,249,261	100%

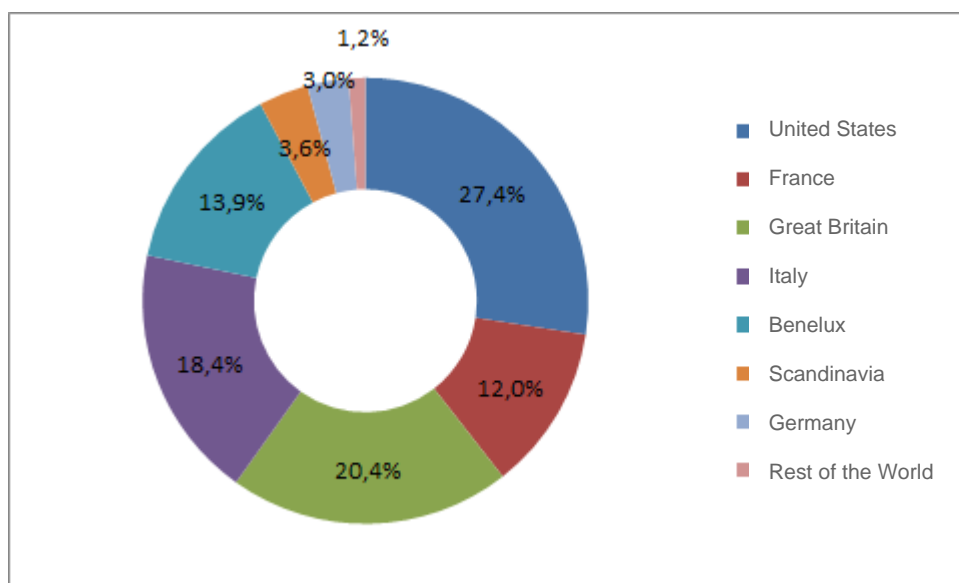
Figure 2 - Breakdown of shareholders



The breakdown of IGD SIIQ's shareholders shows a concentration of shares belonging to the majority shareholders, Coop Adriatica and Unicoop Tirreno, which together hold approximately 55% of the shares, followed by the institutional investors European Investors Inc with 4.9% and AXA Investment Managers with 2.01%.

The rest of the shareholders are mainly made up of **more than 150 institutional investors** (pension funds, social security and insurance companies and specialised real estate funds), **of which approximately 83% are foreign**, as well as private investors. A considerable number of IGD's current investors already follow sustainability criteria when choosing investments.

Figure 3 - Geographical breakdown of institutional investors (in %)



The breakdown of the shareholders is what characterises IGD SIIQ compared to its competitors: **Coop Adriatica and Unicoop Tirreno** have been the majority shareholders of the Company since the start **enabling it to grow and develop** and, at the same time, they represent two key business contacts **of the Company**.

IGD SIIQ handles and enhances this particular set up with a view to absolute transparency: in order to ensure that the interests of all the shareholders are guaranteed during decision making and when formulating corporate strategies, IGD SIIQ has adopted, since it was first listed, the Corporate Governance Code for Listed Companies released by the Italian Stock Exchange. The company's corporate governance structure, that is the set of rules and code of conduct designed to guarantee efficiency and transparency in the corporate governing bodies and control systems, has therefore been set up in such a way as to ensure complete independence and fairness of corporate decisions.

The consolidated relationship that IGD SIIQ has with Coop Adriatica and Unicoop Tirreno as retailers, which together contribute to approximately 27% of the Group's rental revenues, gives rise to considerable advantages in terms of security and stability of the relative revenue flows (homogeneity of contractual terms and conditions, certainty and regularity of payments etc.), benefits which have a positive effect on performance and on the ability to create corporate value. In order to guarantee maximum transparency in transactions involving the



majority shareholders, IGD SIIQ has defined assessment criteria and indicators in line with the market.

2.2.1 CORPORATE GOVERNANCE AND SHAREHOLDERS' PROTECTION

The adoption of the Corporate Governance Code for Listed Companies calls for an annual report on corporate governance confirming the application of the governance rules provided for by the code, establishing, therefore, mandatory disclosure and transparency on aspects like participation in meetings of members of the Board of Directors, the presence of Independent Directors, compensation policies.²

The Corporate Governance model is centred on:

- the **leading role of the Board of Directors** for strategic steering;
- the **transparency of governance choices** within the Company and towards the market;
- the **efficiency** and the **effectiveness of the internal control system**;
- the **careful regulation of potential conflicts of interest**;
- **clear procedural rules for carrying out related party transactions and for dealing with corporate information.**

To guarantee a structure capable of achieving the above mentioned goals and to ensure, therefore, the interests of all the investors, IGD SIIQ has adopted the following measures:

- formation of BoD with a majority of independent directors (8 out of 15)
- adoption of the Organisational Model ex legislative decree 231 and a Code of Ethics
- creation of a Compliance Committee made up of three independent directors
- creation of four Committees within the Board of Directors

Further guarantees for the stability and transparency of the corporate governance system are given by the fact that IGD belongs to the special SIIQ regime.

² For detailed information on such aspects please see the Report on Corporate Governance and Ownership Structure 2010 on the website www.gruppoigd.it (Investors / Corporate Governance / Annual Report).



FOCUS: SIIQ REQUIREMENTS

In order to be able to opt for the SIIQ regime, the “prevailing” activity carried out by companies must be property rentals, that means they must possess two **objective requirements**:

- freehold properties destined for rental purposes equalling to at least 80% of portfolio assets.
- for each financial period, revenues deriving from rentals equalling to at least 80% of the positive components of the company’s income statement.

In addition to the above, there are other requirements of a subjective and statutory nature as well as those underlining the precise restrictions regarding ownership:

Subjective requirements

- an SpA (public limited company) company type
- registered address in Italy
- shares traded on controlled markets

Statutory requirements

- adoption of rules regarding investments
- restrictions on the concentration of investment and counter-party risks
- maximum limit of permitted financial leverage

Ownership requirements

- no more than 51% of the shares belonging to just one partner
- at least 35% must be floating stock and held by partners each with less than 2% (at the moment of adopting the SIIQ regime)

2.2.1.1 RELATIONS WITH SHAREHOLDERS AND FINANCIAL COMMUNITY

IGD SIIQ has been committed from the start to establishing an **open, transparent and constructive dialogue with its financial community**, made up of investors, specialised press and independent financial analysts working for various brokers, both national and international, to ensure the Group’s results and outlook are correctly assessed.

The commitment to clear, timely and transparent disclosure is organised by means of different channels and events within an annual Investor Relations programme which includes presentations, **conference calls** and **roadshows** in the main international financial markets and continuous updating on the **company website**.

Furthermore, a **newsletter** that analyses results and strategies, closely examines business matters and focalises on the main aspects regarding shares, is published every quarter in order to satisfy the specific needs of private investors.



2.2.1.2 INVESTOR RELATIONS ACTIVITIES IN 2010

Throughout 2010 IGD held meetings and communicated with its financial community, always following its customary, proactive, open and transparent approach.

In association with the approval of the economic/financial results, conference calls with the financial community are organised in order for the Company to present and discuss the relative data. During 2010, four presentations were held for analysts and investors:

- 11 March for the results of the 2009 Financial Statement;
- 13 May for the 2010 first quarter results;
- 26 August for the 2010 half year results 2010;
- 11 November for the 2010 third quarter results and for the Strategic Review of the 2009-2013 Business Plan.

Numerous road shows have been held in London (2), Paris (3) and Milan. During the year, the management also visited investors in Edinburgh, Amsterdam, the Hague and Brussels.

In March 2010, IGD took part in the STAR Conference in Milan organised by the Italian Stock Exchange. Later on in the year, in October, it participated for the first time in the SoGen Real Estate Conference in London.

Contact with different institutions was maintained throughout the year by means of conference calls.

Furthermore, IGD met with a number of investors, mainly international ones, during Field Trips to its freehold shopping centres.

As far as the channels dedicated to Investor Relations are concerned, the publication of the quarterly Newsletter continued throughout the year and from the beginning of the year 2010 it was published in both Italian and English and it is available on the Company website (www.gruppoigd.it) the week following the publication of the period results.

Lastly, the new version of the Company website has been online since January 2010, and during this year it has been continuously enriched with new contents, in particular in the part relating to the real estate portfolio.



Table 3 - Investor Relations Activities

Type of communication	2010 (N)	2009 (N)	2008 (N)	Var 10/09 %
Communications on corporate results: - Conference calls - One-to-one meetings (group meeting, lunch meeting, ...)	8	5	4	60%
Road shows for investors and analysts	7	2	2	250%
Non compulsory communication events (Star Conference, So.Gen. Conference and Kempen Conference)	2	1	1	100%
Field Trips to shopping centres for investors and analysts	1	1	1	0%

2.3 IGD STOCK

2.3.1 STOCK PERFORMANCE

IGD shares have been listed on the **STAR segment of the Italian Stock Exchange** since February 2005.

In the first few years of listing, the stock price rose more and more rapidly thanks to the positive phase that the real estate market was going through and to the Company's good results regarding growth. From Spring 2007 the stock performance felt the effects of the general fall in the market and this continued for all of 2008 and for the first part of 2009. Instead, from Spring 2009 until the end of the financial period, IGD stock started to steadily recover, reaching the period high of 1.61 euros on 23 October 2009.

In 2010 IGD stock recorded the period high of 1.59 euros at the beginning of the year on 4 January 2010, whereas it touched the period low of 1.05 euros on 2 July 2010. Compared to the period low of early July, at 31 December 2010 the stock price had recovered 38.8%. IGD showed a share performance in line with the European index performance in the first two months of 2010. Instead from March it underperformed, mainly due to the alienation of foreign investors for Italian real estate stock and, consequently, of the removal of the stock from the GPR REIT 250 index, due to a reduction in trading. A large part of the underperformance compared to the index was made up in the month of October when the entrance of foreign investors in the stock permitted the listing to go from 1.20 to 1.45 euros. During the first few weeks of 2011 IGD further reduced its underperformance compared to the index, bringing the listing to around 1.55 euros.



Figure 4 – IGD stock price performance compared to Italian stock exchange index (FTSE Italia All-share) from 4 January 2010.

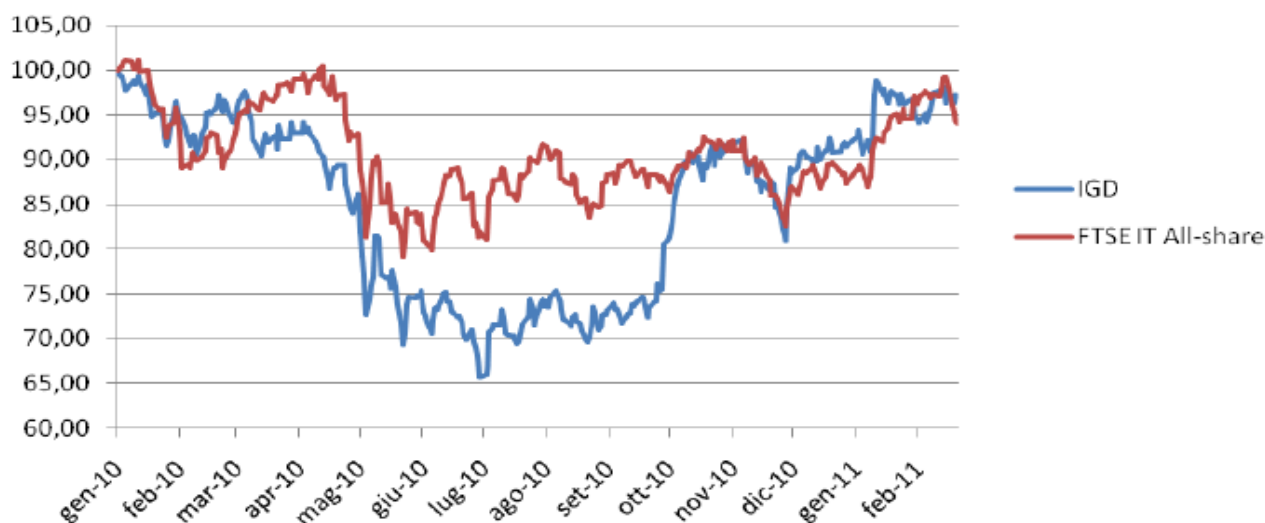


Table 4 – Official stock price and average trading quantity in 2010

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Official price at period end (€)	1.500	1.100	1.200	1.460
Average trading volume (thousands)	301.2	406.3	262.9	344.9

2.3.2 STOCK EXCHANGE INDEXES

IGD stock is part of two important stock exchange indexes which group together the main European real estate companies:

- FTSE EPRA/NAREIT Global Real Estate Index (EPRA: European Public Real Estate Association);
- Euronext IEIF REIT Europe (IEIF: Institut de l'Épargne Immobilière et Foncière):

To underline the attention and the recognition received for the work carried out by the company on sustainability, in 2009 IGD SIIQ obtained a Pass Status in the Kempen SNS Socially Responsible Universe, the investable universe chosen by the Dutch company Asset Management which only includes the businesses that are characterised by their social and environmental responsibility.



2.3.3 DISTRIBUTION OF DIVIDENDS

The SIQ tax regime establishes that at least 85% of the distributable profits deriving from exempt operations, that is those coming directly from property rental activities, must be distributed annually to the shareholders.

For the year 2010 a total dividend equal to 22,370,450 euros was distributed, fully complying with the legal requirements. The dividend per share was equal to 0.075 euros, with an increase of 50% compared to the dividend per share of 0.050 euros distributed for the 2009 financial period.

Table 5 – Distribution of dividends

	2010	2009	2008	Var % 10/09
Dividend per share (€ cent)	0.075	0.05	0.035	50%
Dividend yield (%)	5.14%	3.21%	3.35%	60%
Total dividends distributed (€000)	22,370,450	14,913,634	10,439,544	50%

2.3.4 STOCK COVERAGE

The stock continued to maintain a coverage that was not only numerically unchanged compared to the end of 2009 - a fact not to be taken for granted in a phase in which a lot of research departments were downsized – but which also boasted a high profile, in fact there are nine brokers that carry out research on IGD, of which five are international and four are national.

Table 6 – Analysts that assess IGD shares

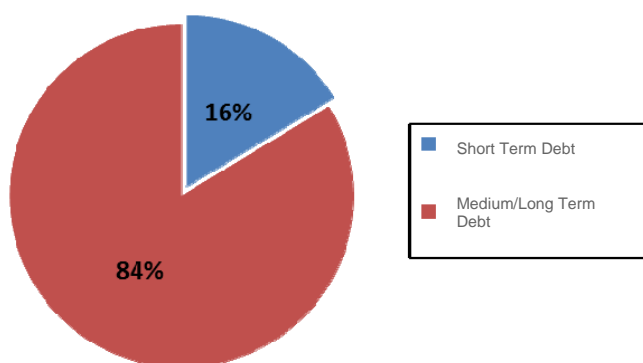
	2010 (N)	2009 (N)	2008 (N)
National	4	5	7
International	5	4	5
TOTAL	9	9	12



2.4 FINANCERS

The finance strategy of IGD SIIQ is instrumental compared to the business and it does not pursue speculative goals. As the core business of the Company consists mainly in long term investments (deriving from the purchase and construction of properties), **the finance structure is aimed at sustaining medium-long term debt** in compliance with the pre-established thresholds.

Figure 5 – Breakdown of debt



In particular, the Company established in its 2009-2013 Business Plan not to exceed a Gearing ratio of 1.5 (ratio between total value of debt and net equity). At the end of 2010 the gearing ratio was 1.31.

The Loan-To-Value index (ratio between total loans and total real estate value) was kept well below the 65% limit as established in the Business Plan. At 2010 year end the LTV was equal to 56.38%, which means that nearly half the real estate portfolio value is financed by IGD's own capital. 74.1 % of the LTV, in turn, is covered from the risk of fluctuation in rates by means of Interest Rate Swap contracts.

Table 7 – Main finance indicators

	2010	2009
Gearing ratio	1.31	1.37
Loan-To-Value	56.38%	56.88%
Hedging level of medium-long term debt *	74.1%	66.6%
Average cost of debt	3.53%	3.53%
Average duration of medium-long term debt *	12 years	12 years

**including convertible bonds*



2.4.1 FINANCER RELATIONS

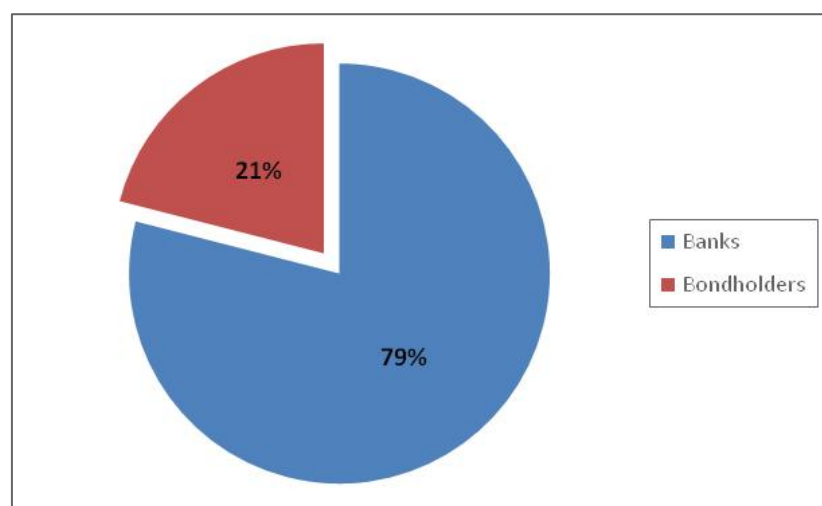
The Company keeps up constant relations with banks and bondholders.

IGD works with a number of credit institutions ascribable to ten banking groups, eight of which are classified within the top 15 positions of the main Italian banking group rankings.

Due to the importance of the contacts and as the largest part of the debt is towards the banking industry, two meetings are scheduled every year dedicated in particular to the finance banking institutions in association with the presentation of the annual financial statement and with the presentation of the Business Plan.

The positive nature and confidence established in relations with the finance banks is demonstrated by the characteristics of the debt which has a relatively low average cost compared to the market average and by the enhanced interest shown by the banks when the Group proposes new development projects. As proof of this interest, in 2010 the Palermo and Conegliano projects received offers of financing from a good eight credit institutions.

Figure 11 - Type of Financers



The IGD BoD on 11 March 2010 agreed to propose to the shareholders, who subsequently approved them, the following changes to bond conditions:

- lengthen duration to 28 December 2013 to align with expiry date of current business plan
- increase coupon to 3.5%
- lower strike price from € 4.93 to € 2.75



Once again there was maximum protection for the bondholders who had the opportunity to view the directors' descriptive report, which also included the positive Fairness Opinion issued by the Mediobanca financial advisor.

Improvement targets:

- **Direct meetings with at least 50% of the top 20 institutional investors (2011)**
- **Increase in financial markets visited and in the number of meetings organised with institutional investors (2011)**
- **Optimisation of communication channels like the website and institutional presentations**



3. TENANTS

The guidelines for relations with IGD's tenants are:

- **Effective *Merchandising and tenant mix* for target placement**
- **Attractiveness as joint target with tenants**
- **Strong emphasis placed on tenants' economic sustainability**

IGD's core activity is the creation and long-term management of shopping centres. Its main target is to make these structures "spaces to be lived in": spaces in which to spend time not only shopping but also socialising, relaxing and most of all being able to benefit from having a mix of shops and services together in one place.

In order to succeed in this, even under difficult conditions and in periods of substantial change in consumer behaviour like that brought about by the enduring economic crisis, **direct and continuous relations with the retailers are essential** so as to have a nonstop comparison with regard to economic performance, marketing activities and facility management.

The attractiveness of the shopping centres and being able to meet the customers' needs are the targets to be pursued in order to ensure profitable returns for the tenants that operate within them and, consequently, to enable IGD Group to obtain steady, positive results.

3.1 TENANT MIX

This process starts with defining the retail placement target of a new centre which is based on the study of the social-economic context of the catchment area and on competitive analysis, also with the aid of research carried out by specialised institutions. It is essential to understand the profile of the local inhabitants, the consumption models as well as the specificity of the local area for the enterprise to be successful.

Therefore, the merchandising mix is defined and, consequently, so is the choice of the retailers, in other words the tenant mix.

In short, **the choice of retailers depends on the local context so as to satisfy the specific interests and needs of the future shopping centre users**, by creating new consumer opportunities for them and for the surrounding area. In this way it is possible to create a merchandising mix that is complete and integrated with a food anchor (mainly supermarkets), which is confirmed as being essential for the attractiveness of a Centre.



Table 1 – Merchandising Mix of Malls

Merchandising Category	2010 (m ²)	2010 (%)	2009 (m ²)	2009 (%)	Var % 10/09
Clothing and Footwear	99,504	40.8%	78,768	37.1%	+3,7%
Hobby & Media	41,177	16.9%	37,025	17.4%	-0,5%
Personal Care	28,930	11.9%	26,296	12.4%	+0,5%
Sport	25,032	10.3%	24,369	11.5%	-1,2%
Services	21,676	8.9%	20,760	9.8%	-0,9%
Bars and Restaurants	18,240	7.5%	16,234	7.6%	-0,1%
Home	9,415	3.9%	8,864	4.2%	-0,3%
TOTAL	243,974	100%	212,315	100%	100%

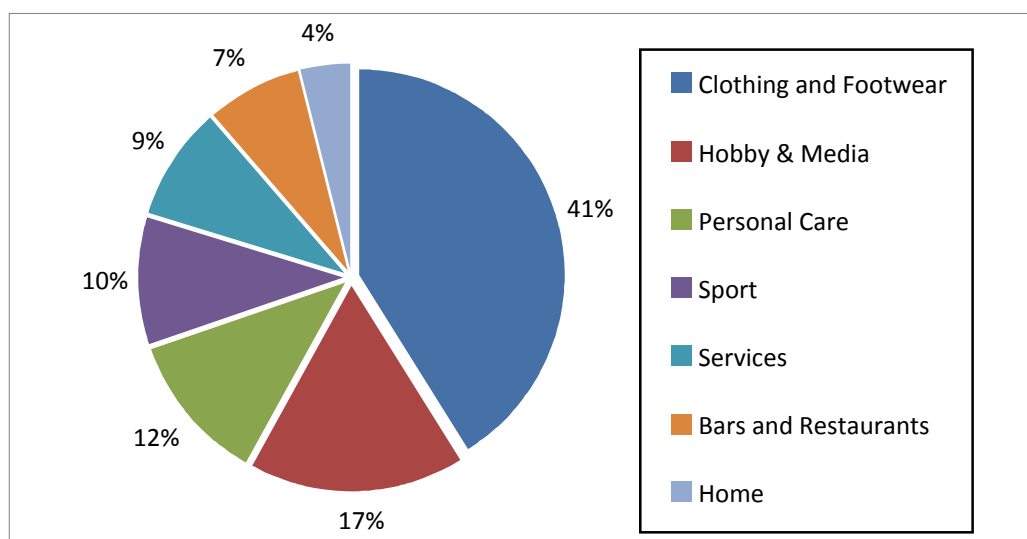
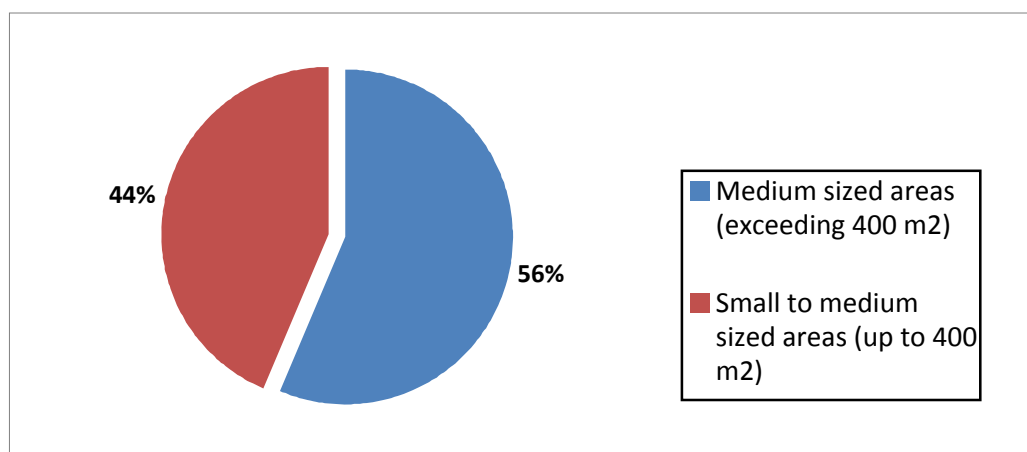


Table 2 – Merchandising offer by size (Italy)

Tenant Type	2010 (m ²)	2010 (%)	2009 (m ²)	2009 (%)	Var % 10/09
Medium sized areas (exceeding 400 m ²)	137,268	56%	121,020	57.0%	13%
Small to medium sized areas (up to 400 m ²)	106,706	44%	91,296	43.0%	17%
TOTAL	243,974	100%	212,315	100%	15%



In Romania, IGD management has redefined the competitive placement of Winmarkt shopping centres, to enable them to evolve in a manner that is coherent with the new social and economic context and to increase the aggregation function for local community life.

To make the proposal adaptable to city centre consumer needs in terms of quality and quantity (typical location of Winmarkt shopping centres in Romania) two paths have been followed: the **introduction of “nearby” supermarkets**, destined to fill the empty spaces caused by the decline in self-consumption and direct distribution (open air markets) and the **consolidation in the Centres of the presence of national and international chain stores** that are more stable and capable of taking advantage of the retail offer. To improve viability and the movement of people within the building some structural work has been carried out in several Centres, (introduction of escalators in Galati).



Table 32 – Tenants by Merchandising Category (Romania)

Merchandising Category	2010 (m ²)	2010 (%)	2009 (m ²)	2009 (%)	2008 (m ²)	2008 (%)	Var % 10/09
Clothing and Footwear	25,402	41%	20,884	37%	22,410	36%	22%
Other	13,630	22%	18,050	32%	27,562	44%	-24%
Supermarkets	8,674	14%	8,180	15%	1,775	3%	6%
Electronics	11,152	18%	7,715	14%	7,184	12%	45%
Entertainment	3,098	5%	1,124	2%	3,035	5%	176%
TOTAL	61,956	100%	55,953	100%	61,966	100%	11%

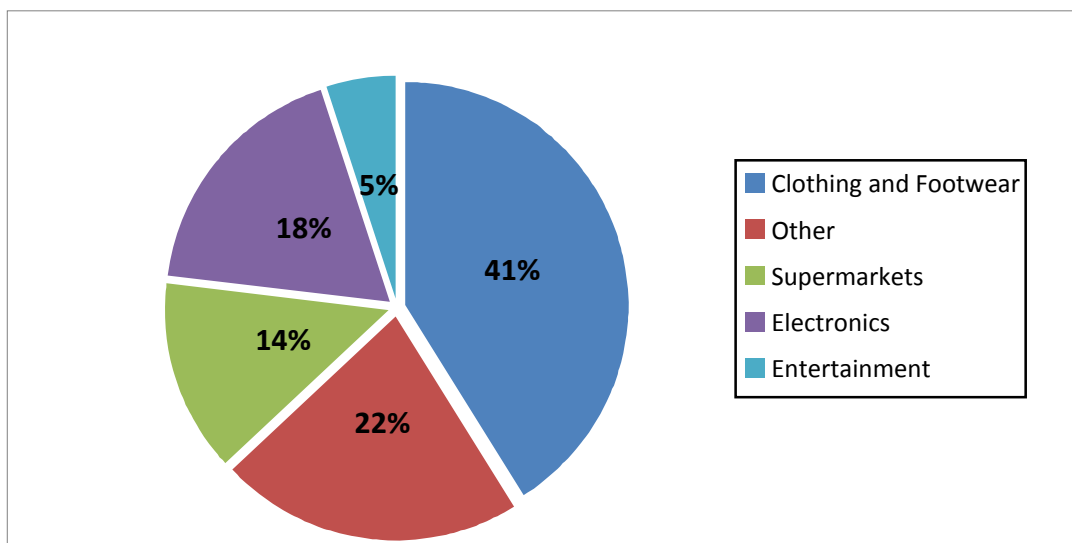
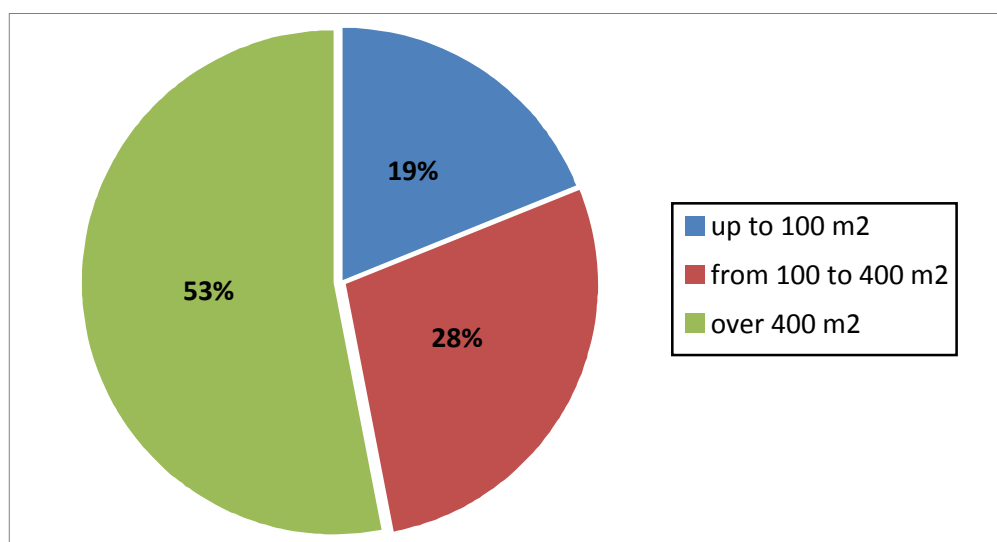


Table 4 – Tenants by type (Romania)

Tenant Type	2010 (m ²)	2010 (%)	2009 (m ²)	2009 (%)	2008 (m ²)	2008 (%)	Var % 10/09
up to 100 m ²	11,772	19%	19,239	34%	27,978	45%	-39%
from 100 to 400 m ²	17,348	28%	16,052	29%	22,013	36%	8%
over 400 m ²	32,837	53%	20,662	37%	11,975	19%	59%
TOTAL	61,956	100%	55,953	100%	61,966	100%	11%



IGD believes that it is essential to have retailers that represent the local area, are known by the local community and are capable of expressing the characteristics of the area, provided that they have the ability to render their business constant.

Overall **the retailers that come from the local area represent approximately 50% of the total number**. This figure has remained unchanged over the last three years and it also includes important national chain franchisees.

At the same time, the search in 2010 for international brands also continued with a view to increase the retail variety and to respond better to the change in consumer trends, contributing in this way to a merchandising innovation of the shopping centres.



The introduction of new customer services inside the shopping centres continued in 2010. The good results confirmed over the years of the dental surgery in “Centro Sarca” in Sesto San Giovanni (Milan) led us to repeat this experience in “La Torre” shopping centre in Palermo and “Coné” shopping centre in Conegliano Veneto where two qualified dental surgeries are in the process of being opened. In Romania, a wellness centre with a gym attached has been created in Ploiesti; whereas in Galati a new cafe-cinema “format” has been included on the fourth floor where it is possible to watch films whilst sitting on sofas; a games room that is directly run by Winmarkt has also been opened next door to this.

3.2 TENANTS’ ECONOMIC SUSTAINABILITY

Long term, healthy and profitable facility management is what defines IGD’s business policy, which is sensitive to tenants’ sustainability expectations and needs.

3.2.1 SUSTAINABILITY OF CONTRACT TERMS AND CONDITIONS

Negotiations to define the rents are carried out by assessing, case by case and where it is possible, the sustainability of the individual tenant’s income statement.

In particular, the extent to which the rents and running costs affect the tenants’ actual or forecasted sales proceeds (the so-called cost occupancy rate) is taken into account.

Table 5 – Average cost occupancy rate (Italy)

Tenant Type	2010 (%)	2009 (%)	Var2010/2009
Rents	9.1%	9.0%	+0.1
Running Costs	2.5%	2.9%	-0.4
AVERAGE COST OCCUPANCY RATE	11.6%	11.9%	-0.3

The monitoring of the cost occupancy rate is carried out both in the initial phase, when negotiating the contract, and for the whole duration of business relations with the tenant. The results obtained over time have shown that in very critical market conditions a more in-depth understanding of the tenants and open and friendly business relations with each of them have made it possible to face and to resolve even the most difficult situations effectively.

In 2010, with the economic crisis still continuing both in Italy and Romania, temporary discounts for tenants in momentary difficulty were defined. When granting temporary discounts and payment deferrals, the guidelines are always the correctness and reliability of the tenant who, over time, must have complied with the contract stipulated with IGD. The decision to contribute economically to the tenants’ sustainability was also motivated by the



Company's desire to form a concrete union of its own development plans and business proposal with those of its tenants.

Furthermore, the monitoring of facility management costs both in Italy and Romania continued during 2010, the approach being that of streamlining them without reducing the quality of the service.

3.3 FACILITY MANAGEMENT

CONSORTIUMS

In addition to marketing internal shopping centre areas, IGD, by means of its subsidiary Immobiliare Larice, also looks after the operational management of shopping centres, commonly known as Facility Management, which includes general services and activities relating to the ordinary running and operational aspects of the centre (security, cleaning, utilities management and ordinary maintenance). This includes also marketing activities like advertising and sales campaigns, organisation of events and exhibitions aimed at increasing the attractiveness of the centres and to distinguish them from their competitors. In order to oversee this aspect more efficiently, IGD has set up a central marketing office.

The Facility Management activities are organised and carried out by Immobiliare Larice by mandate from the consortium of tenants or owners. Immobiliare Larice manages the facility by putting one of its employees in charge.

On the basis of the Facility Management Costs budget, the consortium members pay consortium charges in proportion to the size of their rented area and these resources are then managed by the Person in Charge of the Facility in order to pay the expenses throughout the year.

To ensure maximum transparency in consortium management, the Person in Charge of the centre must comply with all the rules and regulations for good management (quotes requested from at least three suppliers, services carried out only once orders have been signed, countersignature of legal representative for invoice payments) and periodically share with all the consortium representatives, the budget and the final balance of the period.



FOCUS: THE CONSORTIUMS

In Italy every shopping centre is managed by means of a consortium, which is founded at the same time that the Centre is opened. The consortiums can be made up of tenants (all the tenants of each individual shop), or of owners (only the owners of the shopping mall and the owners/tenants of the hypermarket).

The consortium acts by means of two Consortium Organs: with regard to a Tenant Consortium, these are the Consortium Members Meeting, which brings together all the retailers in the centre, and the Steering Committee, made up of representatives appointed by the owner, one representative of the shops belonging to the “medium-sized area” category and one representative of those belonging to the “small-sized area” category, elected during the relevant Meetings. The Steering Committee elects a Chairman who is also the legal representative of the Consortium, whereas the Shopping Centre Manager takes part in the Committee meetings as secretary and auditor. Instead, with regard to an Owner Consortium the management is assigned to a Sole Director, appointed by the two owners, who is also the legal representative of the Consortium.

Improvement targets:

- Introduction of new innovative brands, even international ones, in line with the visitors needs (2011 in Italy and Romania)
- Study of the feasibility of a project designed to assess the degree of tenants’ satisfaction (2011 in Italy)
- Consolidation and development of relations with main tenants relating to food anchors, electronic goods and leisure time services (2011 in Romania).



4. VISITORS AND COMMUNITY

4.1 VISITORS

The guidelines in relations with visitors and the community are:

- IGD: spaces to be lived in
- Centrality of local area
- Marketing which unites business plan with social

4.1.1 EMPHASIS ON VISITORS' NEEDS

The number of visitors to IGD's shopping centres went up in 2010: + 11% increase compared to 2009. The new openings in Palermo and Conegliano had little impact on this figure as both were inaugurated at the end of November 2010.

Table 1 – Total number of visitors (Italy)

	2010 (N)	2009 (N)	2008 (N)	Var % 10/09
Number of visitors per year*	60,135,231	53,938,995	47,552,049	+11%

* Data referring only to IGD shopping centres

Instead, in Romania the number of visitors has remained more or less steady compared to 2009.

Table 2 – Total number of visitors (Romania)

	2010 (N)	2009 (N)	Var % 10/09
Number of visitors per year	32,552,050	32,872,317	-1%

In order to make its shopping centres more accessible, IGD offers services that complement the retail offer which are capable of making a visit to its facilities even more pleasant.

On the basis of the great deal of experience of shopping centres that can be considered as some of the most innovative in Europe, IGD is likewise focusing on the introduction, right from the initial layout phase, of children's play areas.

In Centro Sarca in Sesto San Giovanni (Milan), for example, a playground, educational laboratories and table games have been created in a defined area within the shopping centre with the aim of integrating services for families and children with the usual ones connected to consumer activities.



Services for visitors also include the availability of reserved female parking spaces, which can be found in over 60% of IGD shopping centres. These are parking places situated in the points nearest to the entrances/exits of the shopping centres especially reserved for women in order to make it easier for them to load their purchases and to help mothers with little children and pushchairs.

Lastly, a shuttle service for visitors has been introduced in six shopping centres. This is especially useful to senior citizens and individuals with disabilities, making it easier for them to reach the shopping centres, which are sometimes located in the outskirts of the city.

Table 3 – Shopping centre services for visitors (Italy)

Service type	2010 (N)	2010 (% SC)	2009 (N)	2009 (% SC)	2008 (N)	2008 (% SC)
Kids' areas	26	84%	24	83%	21	84%
Female parking	19	61%	17	59%	16	64%
Shuttle	6	19%	5	17%	4	16%
TOTAL SCs	31		29		25	

4.1.2 SAFETY IN SHOPPING CENTRES

With the purpose of guaranteeing maximum safety for visitors and tenants, all the shopping centres have been created in full compliance with the safety rules and regulations (Legislative Decree 81/2008 and Ministerial Decree DM 10/03/1998 – general criteria for fire prevention and the handling of emergencies in the workplace).

Safety management within the centre (risk assessment, verifying that safety aids and safety systems are correctly installed and working, staff training etc), is IGD's responsibility for common spaces and the individual tenant's responsibility for safety within their own shop. This field of responsibility for IGD includes repeated controls and inspections to be carried out, like those on the **safety of the so-called "suspended loads"** (suspended ceilings, signboard mounting structures, multimedia boards or system structures that are located in the upper part of shopping malls and shops inside the centres). These structures are, in fact, prone to deterioration over time and they must be periodically inspected and controlled to verify the state they are in.

The investigation of suspended loads, which has involved 35 centres, began with a first inspection in 2009 and continued in the first few months of 2010 with specific surveys aimed at identifying possible risk situations, assessing priorities and recommending any necessary actions to be taken in order to render the structures completely safe once again. Altogether IGD invested 11,540 euros in the survey phase.



At the end of this phase, the Company promptly dealt with those situations assessed as being more in need of action. As 2010 continued, specific work was carried out on 4 shopping centres.

In the large majority of cases, the safety and fire prevention staff are qualified to administer first aid in the event of accidents or illnesses involving customers.

Lastly, security staff is present during the opening hours of the shopping centre for the protection of visitors and the prevention of theft or other illegal acts.

Also in Romania in 2010 work was carried out on internal signposting, the modernisation of several access systems and technical systems and on the improvement of the security surveillance systems in shopping centres managed by Winmarkt.

4.2 LIAISON WITH THE LOCAL AREA

IGD's business activities have a positive impact on the community of the shopping centre's catchment area. The shopping centre, in fact, broadens the retail offers and the possibility of finding products and services capable of meeting the needs and requirements of the local community and, at the same time, it offers the local retailers the opportunity to have access to a constant and abundant stream of visitors.

The construction or opening of a new shopping centre involves a number of local suppliers, like building companies or manufacturers of furnishing elements (during the building phase), or local agencies offering cleaning or security services etc. when the Centre is up and running. 65% of the suppliers of a Consortium can be connected to the local area in which the shopping centre is situated. Thanks to both these activities and to the opportunities of direct employment within the shopping centre, **a new opening has a positive impact on employment in the local area, which can vary between 300 and 500 new jobs depending on the size of the shopping centre.**

Lastly, productive dialogue with the local authorities has always been one of the distinguishing features of IGD and of its way of fitting in with new areas.

In Romania, where in the past relations with local authorities were restricted to the fulfilment of bureaucratic obligations and authorisations, IGD is now working on establishing positive relations with the institutions to cooperate in promoting the local area.



FOCUS: ENHANCE THE LOCAL AREA: THE ADOPTION OF INGASTONE TOWER

With the creation of La Torre Shopping Centre in Palermo (inaugurated in November 2010), one of the obligations taken on by the property and regulated by the convention signed with the Municipality of Palermo was that of transferring over to the Municipality the ownership of a very historically and environmentally prestigious artefact dating back to the 1700s and situated next to the new shopping centre: Ingastone Tower.

The transfer of property rights was foreseen because of the bad condition in which the artefact was in, due not only to the wearing effect of time but also to the unauthorised construction of various additional structures. As neither the Regional Board of Cultural Heritage and Environmental Conservation nor the Municipality had enough funds to restore the artefact, IGD offered to “adopt” the Tower: that is, before handing the ownership back to the Municipality, IGD put into action a salvage operation, the first phase of which foresaw that the building was made safe and then subsequently a second phase involved the out and out restoration of it.

A green park equipped with park furniture and playgrounds for local children has been created around the Tower. The purpose of the whole project has been to make the Shopping Centre an element of attraction for all the inhabitants of Palermo, capable of contributing to the redevelopment of the densely populated Borgonuovo district in Palermo.

4.2.1 EVENTS AND PROGRAMMES IN SHOPPING CENTRES

IGD constantly organises events and programmes of various types inside its shopping centres so as to foster positive and profitable relations with the local community and to attract a larger stream of customers to the advantage of the retailers inside the shopping centre. The events to be organised are always of a social and cultural nature, consistent with IGD’s history, values and roots. Even though the value of these events cannot be immediately measured in economic terms, they are very advantageous for the local area.

In 2010 the choice of events revolved around a systematic marketing plan containing valid guidelines for all the shopping centres managed by the Company. This plan specifies that **for IGD, marketing in its shopping centres also means being able to combine retail aspects with social ones**, with particularly emphasis placed on the demands of the local area. With this approach in mind, the strategic guidelines of the plan are as follows:

- Promote projects that involve the local community, starting from community organisations, schools, parish groups etc.
- Organise events that have an important social impact, on matters of public interest like lawfulness, responsible consumption, waste sorting etc.



On the basis of these strategic guidelines, **the shopping centre can become a “space to be lived in” and not only a “consumer” area, being of interest, for different reasons, to a public made up of varied age groups**, Falling within this perspective was the decision to equip 3 shopping centres with Wi-Fi connections, a number that is destined to grow in the next few years.

The marketing plan, which has the additional target of providing IGD’s freehold shopping centres with a common identity, is then refined for the individual structures. Indeed, each individual structure autonomously plans specific advertising and/or communication campaigns for the promotion of particular events, whereas the central IGD office directly handles all communications regarding campaigns destined for more than one centre.

In 2010 two travelling events, which amalgamated the social targets of the plan, were organised in Emilia Romagna, with particular emphasis placed on the young generation:

1. Starting in September and continuing until the end of the year, a travelling photography exhibition called “*Terre di Libertà*” (Lands of Freedom) was organised: it documented the journey undertaken by the *Libera Terra Cooperatives* regarding the lands confiscated from the mafia.
2. Starting from October 2010, IGD, in collaboration with Virtus Bologna basketball company, promoted the event called “*A canestro con IGD*” (Basketball with IGD), the purpose of which is to convey to young people the positive values of sport. The event, which will continue for the whole duration of the basketball championship, has enabled young children, teenagers and parents to meet Virtus players on several days each month, with the aim of drawing Emilia Romagna shopping centre customers closer to sport, in particular to basketball.

In addition to these type of events, there are also fund raising activities that are prominent both for their importance and for the positive effect they have (the proceeds of which go to local development projects, non-profit organisations, charities etc.) and prize contests which are a big attraction for the community and contribute **to making the Centre a pleasant meeting place in itself and not only for the purpose of shopping**. Furthermore, the contest prizes that are not collected are given to solidarity initiatives.

In 2010 the data relating to events and fund raising activities show a reduction in funds raised by means of IGD events.

Table 3 – Events carried out on IGD’s direct initiative (Italy)

Event type	2010 (N)	2009 (N)	2008 (N)
Contests	18	24	20
Events	223	185	164
TOTAL	241	209	184



Table 5 – Funds raised by IGD’s direct initiative (Italy)

Funds raised	2010 (€)	2009 (€)	2008 (€)	Var % 10/09
Funds raised	9,000	13,900	2,200	-35%
Uncollected prizes destined for charity	275	12,000	2,600	-98%
TOTAL	9,275	25,900	4,800	-64%

Lastly, in addition to directly organising events, the shopping centres also play host to fund raising and sponsoring activities promoted by associations and organisations of the region (parishes, hospitals, kennels, sports teams etc.) which set up their own displays in the mall and collect donations and contributions for their activities or to finance charities.

Table 6 – Associations and other non-profit organisations hosted in the centres (Italy)

Associations and non-profit organisations	2010 (N)	2009 (N)	2008 (N)	Var % 10/09
Local associations involved	189	79	41	139%
Other non-profit organisations	82	25	12	228%
TOTAL	271	104	53	161%

The collection from sponsoring activities in IGD centres showed an increase, compensating the decrease in the funds, raised by non-profit organisations and associations. The total amount of money collected by events hosted in the Centres, however, increased (+ 19%).

Table 7 – Results of events hosted in the Centres (Italy)

Results from events	2010 (€)	2009 (€)	2008 (€)	Var % 10/09
Funds raised by non-profit organisations and associations in IGD centres	21,743	33,700	43,800	-35%
Collection from Sponsoring activities in IGD centres	71,214	44,600	40,600	60%
TOTAL	92,957	78,300	84,400	19%



In 2010 a marketing plan was also defined for Winmarkt shopping centres, which, even though based on IGD's, was adapted to the Romanian context. The guidelines are:

1. Enhance the presence and the opening of shops also by means of co-marketing activities
2. Make the customers loyal with secondary activities related to public holidays
3. Promote and/or directly sustain children's activities

**FOCUS:
EVENTS AND PROGRAMMES ORGANISED
IN WINMARKT SHOPPING CENTERS**

On the basis of the marketing plan guidelines, Winmarkt organised events that took into account both the most appropriate partnerships and the stakeholders to be involved.

The type of events can be summed up as shown in the following diagram.

<u>Organisation type</u>	➔	<u>Events organised</u>
Directly organised by shopping centres	➔	<ul style="list-style-type: none"> - national children's festival - children's drawing courses - support for civil defence activities - free services reserved for female customers
Partnership/co marketing Institutions – organisation of events aimed at the institutional community	➔	<ul style="list-style-type: none"> -organisation of free events for children in partnership with nursery schools - merit award in cooperation with the Local Education Authority - local patron festivals - participation of the management at events organised by the Embassy on solidarity and/or enhancement of local production - special rates park for historical centre residents - organisation of spring festival
Partnership/co marketing	➔	<ul style="list-style-type: none"> - fund raising and purchase of goods for solidarity - fund raising amongst company employees for aimed solidarity - spaces offered for free for humanitarian activities
Civil society – organisation of events at the civil community		

As a whole, these events committed Winmarkt to an economic outlay of 12,000 euros, showing an increase compared to the previous years.



Table 8 – Support given to local events (Romania)

Support given to local events	2010 (€)	2009 (€)	2008 (€)	Var % 10/09
Contributions for sponsoring or sustaining local events	12,000	10,000	5,000	20%

Improvement targets:

- Increase in social-cultural events (2011 in Italy and Romania)
- Progressive expansion of the availability of Wi-Fi connections inside all the freehold properties (2011 in Italy)
- Start up of “mystery shopper” pilot project (2011 in Romania)



5. EMPLOYEES

The guidelines for IGD employees development are:

- **Transparency in the course of professional development**
- **Constant assessment of skills and performance**
- **Enhancement of internal development**
- **Sense of belonging and sharing of corporate values and style**
- **Emphasis on equal opportunities**
- **Commitment towards diversities**

IGD believes that human resources are a strategic factor of fundamental importance for the development of the Group: therefore, in order to attract and maintain the best resources, the Group is continuously involved in achieving the right conditions for a satisfying work environment, developing the skills of its employees, increasing the sense of belonging, fostering team work and implementing training courses for professional development.

IGD bases its relations with its staff on its charter of values (honesty, transparency, far-sightedness, reliability, optimisation, responsibility), maintaining, moreover, a commitment towards diversities and equal opportunities with the aim of avoiding any form of discrimination (relating to gender, age, nationality etc.).

IGD's workforce has progressively grown over the last few years keeping pace with business developments which have led to a number of openings of new shopping centres and, consequently, also to the reinforcement of the in house roles.

IGD staff at 31/12/2010 were 104 in Italy and 56 in Romania, for a total of 160 workers.

Despite the general difficult economic context, IGD's human resources in Italy have increased by 22% over the last two years.

In Romania, where the economic shrinkage has led companies to review their employment and salary levels, Winmarkt has committed itself to steering its internal structure towards its core business: outsourcing processes have been implemented as far as activities not corresponding to the Group organisation are concerned (baby parking personnel).



Table 1 – Staff flow by job title (Italy)

	2010	2009	2008
Directors	5	5	5
Managerial staff	16	17	16
Heads	37	36	28
Office Workers	46	41	36
TOTAL	104	99	85

Table 2 – Staff flow by job title (Romania)

	2010	2009	2008
Directors	1	1	1
Managerial staff	6	6	4
Heads	17	17	15
Office Workers	32	41	48
TOTAL	56	65	68

“YOUNG AND STEADY” EMPLOYMENT

From an age point of view, IGD’s human resources are “young” (average age for IGD is 38 years old, that for Winmarkt 43).

The search for skills that are suitable for the various roles has led to a corporate workforce with a high level of education: **more than 60% of the employees in Italy have a degree** (of which 18% also have a post graduate master’s degree or specialisation), for **Romania** this quota exceeds **70%**.

IGD is committed to guaranteeing steady work conditions for its workers: **more than 90% of the contracts stipulated are permanent employment contracts.**



Table 3 – Staff by contract type (Italy)

	2010 Total	2010 (% out of tot)	2009 Total	2009 (% out of tot)	2008 Total	2008 (% out of tot)
Permanent contracts	95	91%	90	92%	78	92%
Fixed-term contracts	9	9%	8	8%	7	8%

Table 4 – Staff by contract type (Romania)

	2010 Total	2010 (% out of tot)	2009 Total	2009 (% out of tot)	2008 Total	2008 (% out of tot)
Permanent contracts	53	95%	64	98%	66	97%
Fixed-term contracts	3	5%	1	2%	2	3%

IGD's policy is to foster internal job promotion, rewarding existing expertise with increases in job classification levels and relative responsibilities. This approach is sustained by welcoming young people and recent graduates, to guarantee the presence of developing talents and to favour generational turnover. Every year a number of recent graduates with high potential are granted internships mainly within a business/network capacity. The trainees that show high potential during the internship represent an important pool of resources on which to draw when filling vacant positions within IGD.

33% of the 2009 IGD trainees obtained full time employment in the company in 2010.

Table 5 – Internships (Italy)

	2010 Total	2009 Total	2008 Total
Internships	7	12	9

By analysing the data relating to the year in question, the percentage of employees that started with / left the company was residual and therefore normal.



Table 6 – Turnover (Italy)*

	2010 (%)	2009 (%)
Turnover	8%	10%

*NB: The turnover is calculated as: (number of contract terminations (excluding those fixed-term) /total employees (excluding those fixed-term) at 31.12 of the previous year)

5.1 PEOPLE DEVELOPMENT

IGD's pay policy is to develop the skills of its staff and to reward each individual with the right recognition for their commitment according to their professional development within the Group.

In order to correctly achieve this, a mapping project of IGD employee skills was created in 2009 and, parallel to this, the job descriptions for the entire structure were updated. This led to the identification of the necessary skills for the individual roles and to the formalisation of the same. This mapping became the basis of the new staff performance assessment system, which was implemented in 2010 and complemented the already existing MBO (Management By Objectives) system.

In Romania, IGD management has led to an important change to the way of defining targets, assessments and reward system. With the previous management, in fact, there was no assessment system defined and based on objective criteria. Therefore, in October 2009 a reorganisation process was implemented which strived to define more clearly the responsibilities of each individual and, consequently, their relative targets.

5.1.1 MANAGEMENT BY OBJECTIVES AND REWARD SYSTEM

IGD has adopted an MBO system where every year targets are assigned to the members of the workforce **at all levels of the organisation**. In particular, two strategic corporate targets that are common for all are identified and in addition to these, several individual targets are set regarding the specific activity of each person. On the basis that it is necessary to recognise the high professionalism of the Company's employees, during the first few months of every year all the employees with permanent contracts are given an assessment of the degree of achievement of their individual targets (or for office workers, of the targets assigned to their office) relating to the previous year. According to the level that was reached (target exceeded, reached or failed to reach) proportions of variable pay are foreseen for the year in progress.



Table 7 – Assessment compared to targets (Italy)

	2010 (N)	2010 (% out of tot)	2009 (N)	2009 (% out of tot)	2008 (N)	2008 (% out of tot)
Employees that regularly receive target assignment/assessment	91	88%	90	92%	78	92%

Table 8 – Assessment compared to skills (Italy)

	2010 (N)	2010 (% out of tot)	2009 (N)	2009 (% out of tot)	2008 (N)	2008 (% out of tot)
Employees that regularly receive skills assessment	39	38%	-	-	-	-
Merit increases awarded during the year	14	13%	-	-	-	-

In 2010, with the same purpose in mind, Winmarkt implemented its own Motivational System, which is made up of a system of defining targets starting from the top management and then descending down the line to all the levels. The targets defined are personal, corporate and Group targets.

Winmarkt's Motivational System is based on the group leader's MBO system with two common targets (of which one is a group target) and three personal targets.

5.1.2 SKILLS ASSESSMENT

In 2010, in addition to the MBO variable pay system, the new skills assessment system was introduced and applied to 2009 performance results. This system, intended for managerial staff and heads, assigns merit increases to those employees that have particularly distinguished themselves compared to the skills level required for their role.

The definition of the new system was carried out not only with the intention of just creating an incentive for performance improvement but also with the intention of enhancing the importance of integrating commitment to reaching targets with constant emphasis on performance quality.

Furthermore, the new system also enables the employees in the company with high growth potential to be identified.

Punctual definition of the specific skills required for each role also means that a more correct definition of professional development programmes can be made, as the training needs can



be identified in a more objective manner and the necessary steps to be taken can be planned with a broader outlook.

5.1.3 TRAINING

IGD places constant emphasis on the needs for staff training and refresher courses at all levels. Part of the training is organised internally, whereas for the more specialised training needs, the employees take part in external training courses.

The year 2010 was a year, which represented investment in training, aimed in particular at the structuring and broadening of the business offer.

As for the previous year, the employees concerned took part in specialised refresher courses on administration-accounting, tax, legal, corporate and technical matters, which were added to the compulsory training courses regarding the update of the Organisational, Management and Control Model and to the English language courses according to role requirements.

IGD's commercial management and the managers of the Larice network took part in a training programme focused on "The management of shopping centres", which involved 3 days in the classroom integrated with e-learning stages.

This moment was specifically devised by IGD not only to meet the training needs of the commercial network but also to create an opportunity where the group of shopping centre managers could directly meet up and exchange ideas with each other, as these individuals, because of their type of activity, need, more often than others, opportunities to "group together".

The training carried out involved 50% of the company staff and led to the formation of a training package for the management of shopping centres, which in January 2011 was put on the website making it available to the commercial network.

A useful programme for updating skills in the shopping centre sector involves trips organised abroad in order to assess the level of innovation on matters of planning, management and marketing of shopping centres. In 2011 a *retail tour* is going to be organised, that is, direct visits to best practice commercial formats abroad, in order to meet training needs and to strengthen the sense of belonging to the company.



Table 9 – Specialised training courses (Italy)

	2010	2009
Employees that took part in training activities (N)	104	30
Costs incurred for internal and/or external training (€)	37,933	14,542
Training hours	1,939	342
Percentage of proceeds invested in training (€)	0.03	0.01
Investment in training per capita (€)	365	485

The large increase in training costs between 2010 and 2009 is attributed to the decision to increase both the number and types of training courses. This decision has enabled all the employees within the company to take part in at least one training course more than set forth by law. In 2010 all IGD employees took part in courses for the correct use of e-mail, for the presentation and circulation of the corporate Marketing Plan and for credit management: Instead all Larice employees took part in a course on shopping centre management. Furthermore, the number of employees that took part in external training courses increased: these were largely related to tax obligations and new laws.

In Winmarkt the change of management and the radical shift in the market due to the economic crisis resulted in a review of the training programmes. The fields which have been invested in over the last two years are those relating to refresher courses on administration and tax matters (for example, insolvency and bankruptcy procedures) for the staff concerned; Italian and English language courses and specific events related to increasing motivation (especially regarding the sales and marketing area).

Table 10 - Training (Romania)

	2010	2009
Training hours (N)	150	20
Number of employees trained (N)	12	4
Costs incurred for training (€)	5,500	4,000



Table 11 – Training on safety (Italy)

	2010 (N)	2009 (N)	2008 (N)
Total training hours on safety for IGD headquarters and commercial network	162	444	630
Training costs	860	1,680	1,680

Training on safety at work was introduced in 2008 (ex Legislative Decree 626/1994, followed by Legislative Decree 81/08, and the current Legislative Decree 106/2009), destined for the entire group. This training programme continued in 2009 and in 2010 with specific refresher courses, also with the aid of multimedia teaching materials.

5.1.4 INTERNAL COMMUNICATION

In order to foster an increased sense of belonging and the involvement of staff, it is very important to circulate and share information at all levels of the organisation. To improve the circulation of institutional information within the company, IGD has identified two main features: the organisation of conventions and the internal disclosure of institutional notifications.

The company conventions, organised twice a year, enable the employees to be kept updated on the company's progress (financial results, strategies and the development of the business plan, are, for example, explained). Furthermore, they are also important because they have the purpose of bringing together employees, particularly those that work in geographically separated offices (headquarters, shopping centres in Italy and in Romania) both during moments of training (for example, by hosting talks on particular matters of a social/culture nature) and by organising recreational activities.

Internal disclosure consists in all official communications addressed to the market and the quarterly newsletter, which summarises all the main information regarding the company's business, being circulated to all employees.



5.2 QUALITY OF WORK

5.2.1 THE PROMOTION OF EQUAL OPPORTUNITIES AND ATTENTION PAID TO DIVERSITIES

IGD has always placed emphasis on equal opportunities and treatment for its workers.

The recruitment and professional development policies are based on welcoming and enhancing female talents, precluding penalisation connected to the possible necessity of reconciling family and work life which in some cases can limit the development of a woman's career.

The workforce is predominantly female both in Italy and in Romania (with a total of 93 women compared to 67 men) and 33% of the total number of directors and managerial staff in the company in Italy is made up of women.

Table 12 – Percentage of women in different corporate roles (Italy)

	2010 Total	Of which women	% of women in role	2009 Total	Of which women	% of women in role	2008 Totale	Of which women	% of women in role
Directors	5	1	20%	5	1	20%	5	1	20%
Managerial staff	16	6	38%	17	8	47%	16	7	44%
Heads	37	18	49%	36	16	44%	28	18	64%
Office Workers	46	33	72%	41	28	68%	36	24	67%
TOTAL	104	58	56%	98	53	54%	84	50	59%



Table 13 – Percentage of women in different corporate roles (Romania)

	2010 Total	Of which women	% of women in role	2009 Total	Of which women	% of wome n in role	2008 Total	Of which women	% of women in role
Directors	1	-	0%	1	-	0%	1	-	0%
Managerial staff	6	3	50%	6	3	50%	4	3	75%
Heads	17	8	47%	17	8	47%	15	7	46%
Office Workers	32	24	75%	41	32	78%	48	38	79%
TOTAL	56	35	62%	65	43	66%	68	48	70%

IGD Group pursues a constant commitment to employing staff that are part of the protected categories, not only to comply with the legal provisions but as witness to the company's sensitivity on the matter by means of a "best practices" policy.

In particular, in 2009, before the expiry date prescribed by the conventions stipulated with the competent organs, two people belonging to the protected categories were employed, filling the places reserved by the law, one of which by means of an internship leading to permanent employment. An internship within Immobiliare Larice was implemented in 2010.

IGD's sensitivity on the matter has been publicly acclaimed: following an investigation led by A.I.L.E.S. (Associazione per l'inclusione lavorativa e sociale delle persone svantaggiate) (Association for the employment and social inclusion of disadvantaged people) IGD SIIQ in fact received the recognition of "Fair Trade Company 2010" of the province of Bologna.

5.2.2 RECONCILIATION OF PRIVATE AND WORK LIFE

IGD is mindful of respecting the needs of its workers in terms of reconciling work and personal/family needs. This can be seen in a series of policies aimed at fostering a steady balance between private and work life.

In 2008 IGD SIIQ, together with the Trade Unions, signed a "Protocol for the development of positive actions in the field of equal opportunities, solidarity and reconciliation of work and private life", which from that moment on has been incorporated as an appendix and an integrating part of all employment contracts.

This protocol binds the company to take the initiative and be proactive on a series of issues, amongst which continuous training, support for maternity/paternity and for personal/family health needs, reconciliation between work life and private life and economic support in the event of difficulty. Every employee, therefore, can count on measures and means (which



include paid leave or time off as economic support) that can be activated when facing particular personal or family needs.

In particular, with regard to reconciliation, IGD has pledged with this protocol to adopt organisational methods, which even though taking into account operational needs, are based on time flexibility and on the employees being able to “self-manage” their work. Consistently with this commitment, which formalised an approach that had already been widely adopted by the company, IGD is utterly willing to agree to flexible start and finish times and to grant part-time.

From the moment it was signed, the introduction of the Protocol has given rise to 3 people being hired on a part-time basis from the start of their employment and to the granting in 2010 of two requests for leave due to family reasons.

Improvement targets:

- Investigation of internal atmosphere, to check how IGD staff have perceived decisions made and actions taken and to understand any criticalities (2011 in Italy);
- In field training with the organisation of a *retail tour* aimed at a large part of the staff (2011 in Italy);
- Continuous investment for updates on safety at work, also dealing with issues requested by the commercial network;
- Implementation of Winmarkt’s first structured training programme (2011 in Romania)
- Start up of a benchmarking project in the EEC area on formats similar to Winmarkt (city centres, department stores, multi-storeys) (2011 in Romania)



6. SUPPLIERS

The guidelines for the selection of suppliers and for relations with suppliers are:

- **Legality as the basis of relations**
- **Emphasis placed on local area**

The group of IGD's suppliers is made up mainly of service agencies that, according to size and activities offered, range from services that are essential for the management of shopping centres (security, cleaning etc.) to professional consultants or advisors (technical, legal, etc.), from the supply of public utilities (water, electricity, gas) to the work regarding ordinary and extraordinary maintenance.

IGD's relations with suppliers and contractors are coherent with IGD's values, based on honesty and transparency. Furthermore, they are regulated by specific procedures, which aid the company during the selection process and throughout the whole period of business relations with the same.

The guarantee of legality and the correct use of their workforce both play a fundamental role during the selection process.

6.1 SELECTION OF SUPPLIERS

With each type of supply need, from minor supply types to contract work in the event of new buildings or renovations, the corporate procedures stipulate that the selection take place by means of comparing different offers from various companies which have been previously identified on the basis of their professional specialisation, of the existence of consolidated dependable relations with the Group, or of any specific needs with regard to the task at hand. The element of the supplier's reliability is fundamental in the event of contract work and contract of services for which the corporate procedures take into account also other factors like reputation, financial solidity, quality of work.

In addition to the assessment of technical reliability, the Company carries out "merit" assessments depending on the specificity of the supply request: for small work and supply needs, the choice of local suppliers is preferred, provided that the quality standards and the more typically economic aspects are met with. Instead for large scale work, the Company pays more attention to previous knowledge of the supplier and the existence already of steady reliable relations, even more so if the activity is carried out in areas or sectors that are particularly prone to the risk of corruption, criminal infiltration etc.

The use of **local suppliers** is a target that is pursued **above all for those services that are essential for the management of the shopping centre** (from cleaning and security to



communication and advertising agencies). On average more than half the suppliers are linked to the local area in which the shopping centre is located.

With regard to utilities, IGD always tries to obtain **agreements on a national scale in order to optimise the supply conditions and standards** and to ensure that the service is homogeneous throughout all the shopping centres in the network.

The new openings carried out in 2010 have maintained the trend of the previous ones with regard to the location of the suppliers: in Palermo all the companies with which IGD stipulated a contract are local, and in Conegliano the same is true with the exception of that for security.

Table 4 – Local suppliers

	2010	2009	2008	Var % 10/09
Number of local suppliers	871	659	584	32.2%
% out of total suppliers	62%	65%	67%	-3%

6.1.1 REQUIREMENTS REQUESTED

In addition to possessing the necessary quality requirements according to supply type, all the suppliers are asked to demonstrate their **complete compliance with the rules and regulations regarding safety at work and regularity regarding workers’ pay and contributions**. To verify that the aforementioned requirements are complied with, the supplier is requested to send monthly documentation for the entire duration of the contract and to issue a bank guarantee. Furthermore, with regard to cleaning services, the use of hygienic, sanitary material that complies with specific legal standards is requested and the obligation to send documentation certifying the regularity regarding workers’ pay and contributions is a clause stipulated in the contract.

An aspect on which IGD places particular attention during the supplier and contractor selection phases and for the entire duration of the contract, is the absolute compliance with the law. In every new real estate purchase or development project, and in particular in the event of projects in parts of the country that are particularly vulnerable to problems like organised crime, illegal employment and unauthorised building, IGD investigates the criminal profile of work contractors and suppliers to prevent any attempt at infiltration by members of organised crime and to ensure that the work is carried out in absolute compliance with the law. This emphasis is placed on both large contractors and smaller suppliers, like cleaning services or advertising (for example, only authorised billboards are permitted).

In particular, IGD verifies with the Prefecture and the relevant Authorities that neither the supplier company nor its owners (nor other prominent figures) have ever been involved in criminal affairs. At the same time, in the areas of greater risk, IGD cooperates with the authorities, guaranteeing in turn to provide them with all the information on the companies it stipulates contracts with.



FOCUS. PROTOCOL OF LEGALITY IN SICILY

The most significant example of IGD's commitment to protecting legality is the agreement entered into with the Prefecture of Gravina in Catania, and subsequently with the one in Palermo, in the months leading up to the opening of the two shopping centres.

The first case, called "Protocol of legality to prevent attempts of infiltration by organised crime during the creation of Etneo shopping centre" (2008), was the result of initiatives taken by Immobiliare Larice Srl (100% controlled by IGD SIIQ), Ipercoop Sicilia SpA, Iniziative Immobiliari Siciliane Srl and Cooperativa Muratori e Cementisti CMC, the contractor assigned to the construction of the property, who submitted to the Prefecture in Catania, the proposal to sign a formal commitment to ensure their full cooperation in order to effectively thwart any mafia style interference during the entire duration of the project, from the construction of the shopping centre to the marketing of the areas inside.

This agreement laid down the obligation of all the signees to send all the information and data relating to all the people involved in the creation of the project (suppliers, subcontractors etc.) to the Prefecture and to put into being all the necessary measures and steps in order to promptly report any attempt at extortion, intimidation of other form of criminal influence to the relevant authorities and public officials. These commitments were also underwritten and signed by all the subcontractors and suppliers involved in the project. Their not acceptance or failure to fulfil the communication obligations led to the immediate cancellation of the contract.

As a consequence to the results obtained Catania, the Protocol of legality was also repeated in Palermo and enabled the selection and management of suppliers to be dealt with in a transparent manner.

Improvement targets:

- **Growing involvement of suppliers on matters relating to sustainability**
- **Greater rotation in the renewal of supplier contracts (starting from 2011 in Italy and Romania)**



7. ENVIRONMENT

The guidelines on environmental matters:

- **Protection of the environment with a long term outlook**

The shopping centres have an important influence on the surrounding environment, both during the construction phase (in terms of architectonic impact and use of resources and during its life cycle (in terms of energy consumption and fumes caused by increased traffic).

There are three moments of strong environmental impact during the life cycle of a shopping centre:

- Planning and construction
- Daily running
- Restyling and/or extension

The planning and construction phase of a shopping centre is the fundamental moment for defining what impact it will have on the surrounding landscape and on the road network as well as what its energy consumption will be.

As IGD's strategy has for the past few years been more and more oriented towards buying "ready-made" real estate projects (therefore in an advanced planning and/or construction phase), the possibility of influencing the specifications to request the inclusion of structural variations or the use of materials that increase environmental sustainability is limited.

With regard to the daily running of the centre, the leverage in IGD's possession to reduce the environmental impacts of its activities is considerably stronger and refers mainly to the regulation and maintenance of the general systems and equipment and a correct and proper organisation of waste disposal.

From the point of view of the use of resources, even though a significant part of a shopping centre's consumptions depends on how each individual retailer uses the heating and air conditioning systems in their own shop, IGD can intervene to define standards of use in the other areas it controls and make the retailers more aware on the subject of better management.

The restyling or extension of a shopping centre is the moment in which IGD can really intervene by studying planning solutions that can improve the environmental impact and the energy efficiency of the building (materials, lighting system, heating and air conditioning, traffic flows).

To this purpose, IGD, aware that **a sustainable approach helps to maintain the value of the portfolio real estate over time, in the interest of the current stakeholders and those of future generations**, is currently working on the definition of the guidelines for the restyling and extension of existing properties.



7.1 MONITORING AND ACTIONS

IGD'S aim is to define over the next few years homogeneous guidelines on how to manage systems within the shopping centres. By means of carefully regulating the temperature and the operating times of the heating and air conditioning systems, together with the improvement of the thermal insulation of the structures, it is indeed possible to considerably reduce energy consumption which, if not monitored, can often lead to wastage. The first step in this direction is to obtain in-depth knowledge of the current consumptions in the network and of any critical situations, starting off by monitoring energy consumptions and separate waste collection.

An **energy consumption control programme** involving all the shopping centres was implemented in 2009, by means of a study carried out by a specialised company. The analysis, which assessed consumption per square metre, the operating times of the systems, the thermal insulation levels and the main consumption sources for each shopping centre, provided the Company with a complete overview of the situation within the network and highlighted the areas of greater consumption or wastage of resources, recommending the priorities for future action.

In 2010, therefore, a plan of action was laid down regarding both structural work to be carried out in order to improve energy efficiency and actions to be taken to make the operating times of high energy consumption systems more environmental friendly. The plan will be implemented as of 2011.

The monitoring of electricity consumption carried out in 2010, which analysed the same network as the year before, **demonstrated a fall in total consumption** (in kWh) equal to - **1.6%** compared to the previous year, with a reduction in energy costs for the Company that amounted to approximately 105 thousand euros per year.

Table 1 – Electrical energy consumption and benefits of energy saving initiatives (Italy-homogeneous data)

	2010	2009
kWh consumption	32,929,000	33,458,000
€ saved	104,894	Not available

Energy saving was possible thanks also to the fact that the majority of the shopping centres joined a Consortium which permitted them to obtain lower prices due to greater negotiating power which would be difficult for single companies to obtain on their own on the free-market of electrical energy.



FOCUS. ENERGY EFFICIENCY IN CENTRO SARCA

One of the most evident critical points identified thanks to this energy consumption control programme is Centro Sarca in Sesto San Giovanni (Milan).

It was discovered, in fact, that Centro Sarca recorded levels of consumption per square metre higher than the average of the other centres. This difference was caused by the presence of the cinema complex, which had longer opening hours than those of the Centre and therefore required the heating and air conditioning system of the entire centre to be operating longer too.

Therefore it was decided that two steps should be taken: first of all, the alteration of the timer settings and the temperature level, as well as the installation of shutters to regulate the range of the air flow according to the need of the various areas; subsequently, the installation of dividing wall panels in order to partition the access and linking areas of the mall according to the different requirements of use. This project is currently being examined by the Fire Department in order for the customary authorisations to be granted.

In all the Italian shopping centres and in the majority of the Romanian ones **IGD and Winmarkt have organised systems for separate waste collection**. Containers for separate waste collection have been purchased and positioned inside the shopping centres so that the waste can be regularly sorted and collected, whereas the waste compactors situated outside the buildings are for the separated waste that is ready to be delivered to operators specialised in recycling and disposal.

The decrease in collection in Italy is closely linked to the choice made by many Italian cities to autonomously take responsibility for separate waste collection by directly collecting the waste from the shopping centres.

Table 1 – Separate waste collection (Italy)

Type	2010 (Q)	2009 (Q)	Variation %
Paper and Cardboard	525,295	599,495	-12%
Plastic	869,895	866,150	0%
Wet	47,850	73,311	-35%
Unseparated	783,569	823,284	-5%
TOTAL	2,226,608	2,362,240	-6%



7.1.1 INITIATIVES FOR REDUCING ENERGY CONSUMPTION IN ROMANIA

The purchase of Winmarkt by IGD Group has led to the remodelling of a lot of the management aspects of the network, amongst which more emphasis being placed on matters relating to energy saving and to the limitation of environmental impact.

A process regarding the rationalisation of network energy consumption was implemented in 2008 and started by **unifying supplier contracts** to just one operator on a national level, eliminating the fragmentary nature and lack of homogeneity in the terms and conditions. Instead, in order to monitor energy management styles in the different shopping centres and to identify any excess or peaks in use, a **telemangement system** was introduced which made it possible to monitor consumptions in all the centres, to create a recorded history of energy use and to carry out **centralised planning of energy requirements**.

The new management model led to a saving of more than 700,000 euros over two years on electricity supply costs. The greatest impact was noted in the first year of use (2009) with a logical reduction recorded in 2010.

Table 2 – Benefits of energy saving initiatives (Romania)

	2010	2009
kWh saved	1,236,000	4,645,000
€ saved	185,000	560,000

7.2 STRUCTURAL WORK

PHOTOVOLTAIC SYSTEM

In 2010 IGD completed its study on the feasibility of installing photovoltaic solar panels on shopping mall roofs in its freehold shopping centres. As described in the business plan, two pilot projects are forecasted to begin in two shopping centres in 2011. These systems will run alongside the photovoltaic systems already installed, or in the process of being installed, by Coop Adriatica on the portions of roof above its hypermarket in several of IGD's freehold shopping centres.

At the end of 2010 there were 4 of these photovoltaic systems, producing energy for the hypermarkets' own use.



FOCUS. MARINE GEOTHERMAL ENERGY IN THE PORTA A MARE PROJECT

The Porta Medicea Company (60% of which is controlled by IGD by means of its 100% subsidiary company Immobiliare Larice srl) has embarked on a property development and urban transformation project in the area of the old port in Livorno. This project, called "Porta a Mare", involves an area of approximately 10 hectares in the port of Livorno in correspondence with the wharfs that surround the New Dock and the Mediceo Wharf, and consists of the construction of a multifunctional centre with retail areas, offices, residential quarters and accommodation facilities for a total surface area of 70,441 m² (plus the underground floors and car parks totalling a further 62,900 m²). This project represents an important opportunity of urban transformation for the city with the redevelopment of the area directly facing the sea.

The analysis of the potential that the local area has to offer, especially in view of the expected energy requirements for the area, led to an innovative solution for the production of heat (in the winter) and cool air (in the summer) for the entire area: heat pumps that use the sea as a source of heat (so called marine geothermal energy).

The sea is a great driving force for energy as in winter the average temperature of the sea is higher than that of the air (around 13°C against 3°C-5°C of the air) whereas in summer the average temperature of the sea is lower than that of the air (25°C against 30°C-32°C of the air). The heat pumps, either cooled or heated by the seawater instead of by air, are much more efficient and they offer a more economic alternative with a considerably lower environmental impact compared to heating and air conditioning systems based on combustion systems.

From an economic point of view, there is an almost total cutting of costs for the production of domestic hot water, which is centrally produced by the same heating and air conditioning system by reutilising the heat produced by the heat pumps for the production of cooled water, which would otherwise be wasted if disposed of in other ways.

Instead of dispersing it in the sea, all or part of this heat is reused to create hot water, which only during the more rigid winter months must be directly produced by heat pumps, exploiting the thermal mass of the seawater (which however, is more efficient compared to the air). This results in a substantial reduction in electrical energy consumption: the energy advantage compared to direct combustion is approximately 40%.

The environmental benefit is also very evident: the energy source is completely renewable and the energy effect on the source can be considered as inexistent on a yearly basis as the heat taken from the sea during the heating phase is then returned to the sea during the cooling phase. Furthermore, the points from which the water is taken and then returned are far enough away from each other to prevent the occurrence of imbalances in marine microclimates.

Marine geothermal energy can, therefore, help to drastically reduce greenhouse gas emissions produced by heating and air conditioning systems in buildings near the coast. Furthermore, although not a priority, there is a positive effect regarding the impact on the surrounding environment and on the ability to integrate in a harmonious manner with the surrounding area: the machines are located underground and there is no need for bulky evaporative cooling towers that have an extremely negative effect on the environment.



Improvement targets:

- Share with tenants best practices useful for reducing consumption and for correct waste management
- Implementation of Plan to achieve ISO 14001 Company Certification (starting from 2011 in Italy)
- Completion of two pilot projects regarding photovoltaic systems to be directly carried out by IGD (2011 in Italy)
- Implementation of Plan of Action to reduce electrical energy consumption (2011 in Italy)
- Extension to the entire network of separate waste collection (plastic and packaging, paper, glass, other) (2011 in Romania)
- Improvement of thermal insulation in Tulcea and Cluj properties (2011 in Romania)

