igd gescom
immobiliare grande distribuzione

Company Presentation

November 2006

Agenda

- RETAIL REAL ESTATE MARKET
- BUSINESS MODEL
- INVESTMENTS
- VALUE DRIVERS AND BUSINESS PLAN
- STRATEGY DEVELOPMENT AND FIRST ACHIEVEMENT
- 3Q FINANCIAL RESULTS
- APPENDICES

RETAIL REAL ESTATE MARKET

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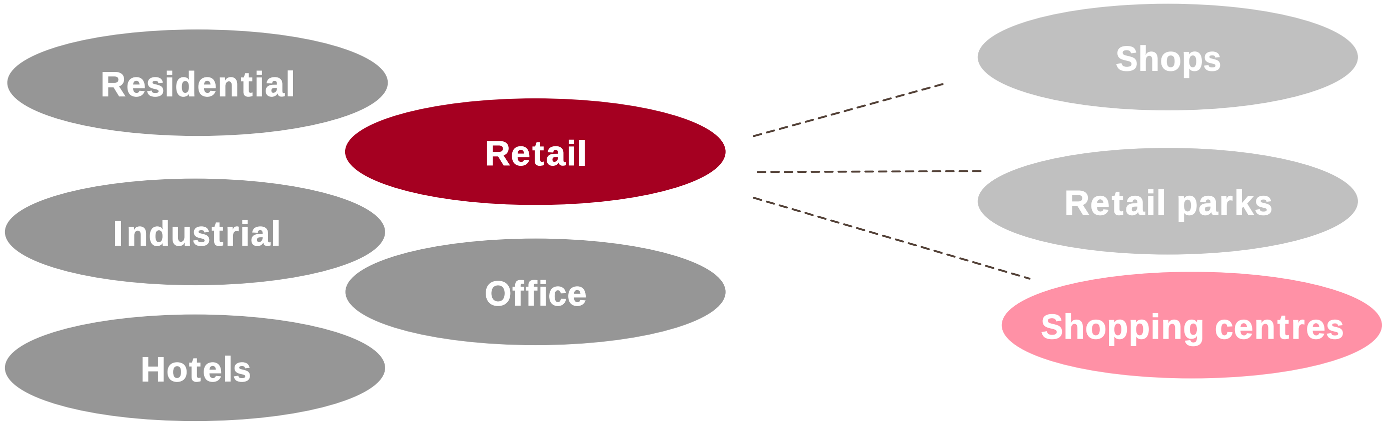
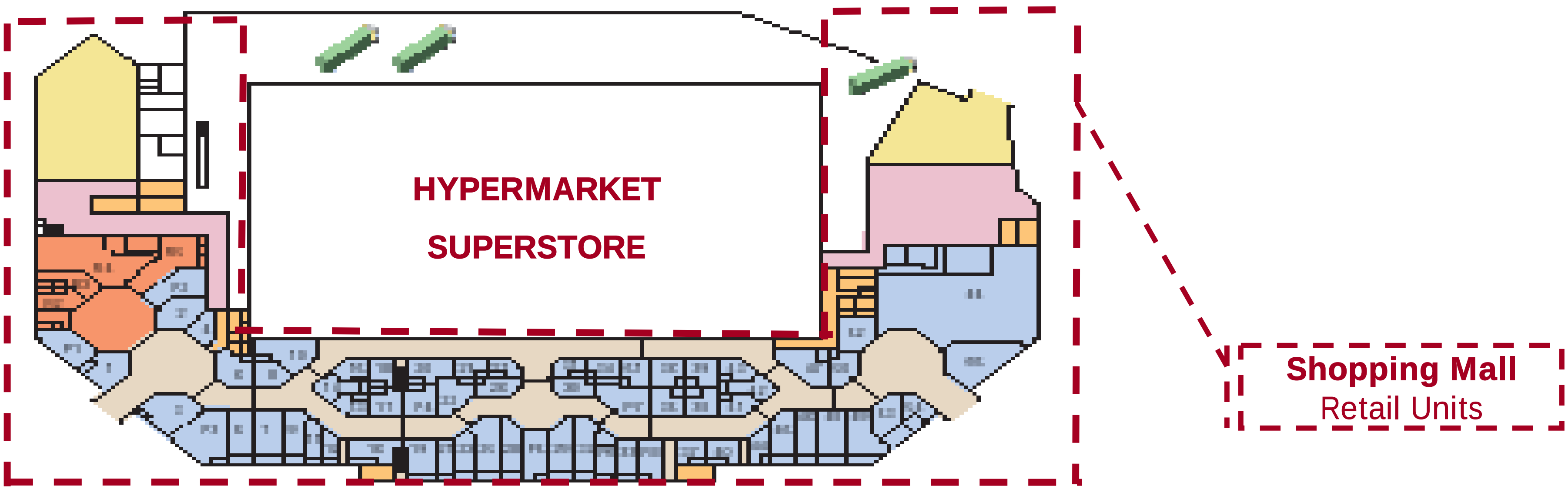
Italian Real Estate Market

RETAIL REAL ESTATE MARKET

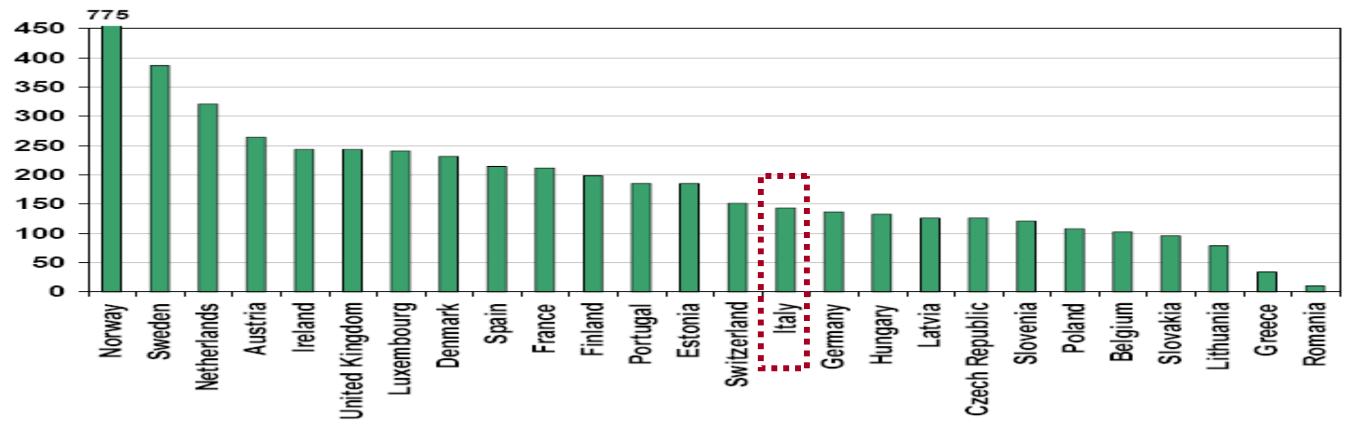


Typical Italian Shopping Centre Lay Out



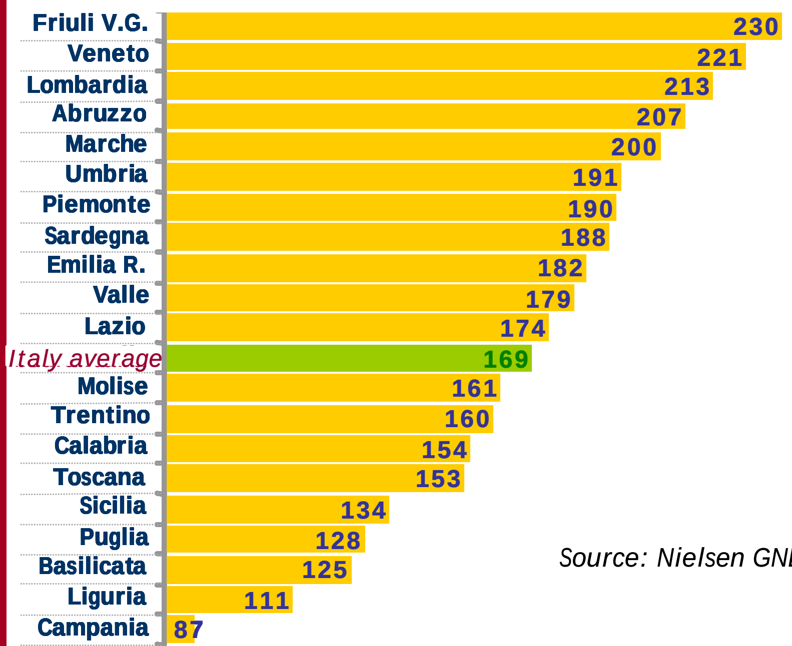
Italian retail real estate market

Shopping Centre Supply (m2 per '000 Inhabitants)



Source: CBRE/PMA/Experian

Hypmkt + Sprmkt sqm/000 inhabitants as at dec 31th 2005



Source: Nielsen GNLC

- **Outperformance** of real estate market in Italy and increasing flow of foreign capital in the past 2 years
- Attractive Italian retail property market, still "**under-retailed**": low rental values and lowest shopping centre floorspace per capita in Western Europe
- **Central Italy** is growing faster but going forward **Southern Italy** will grow the most

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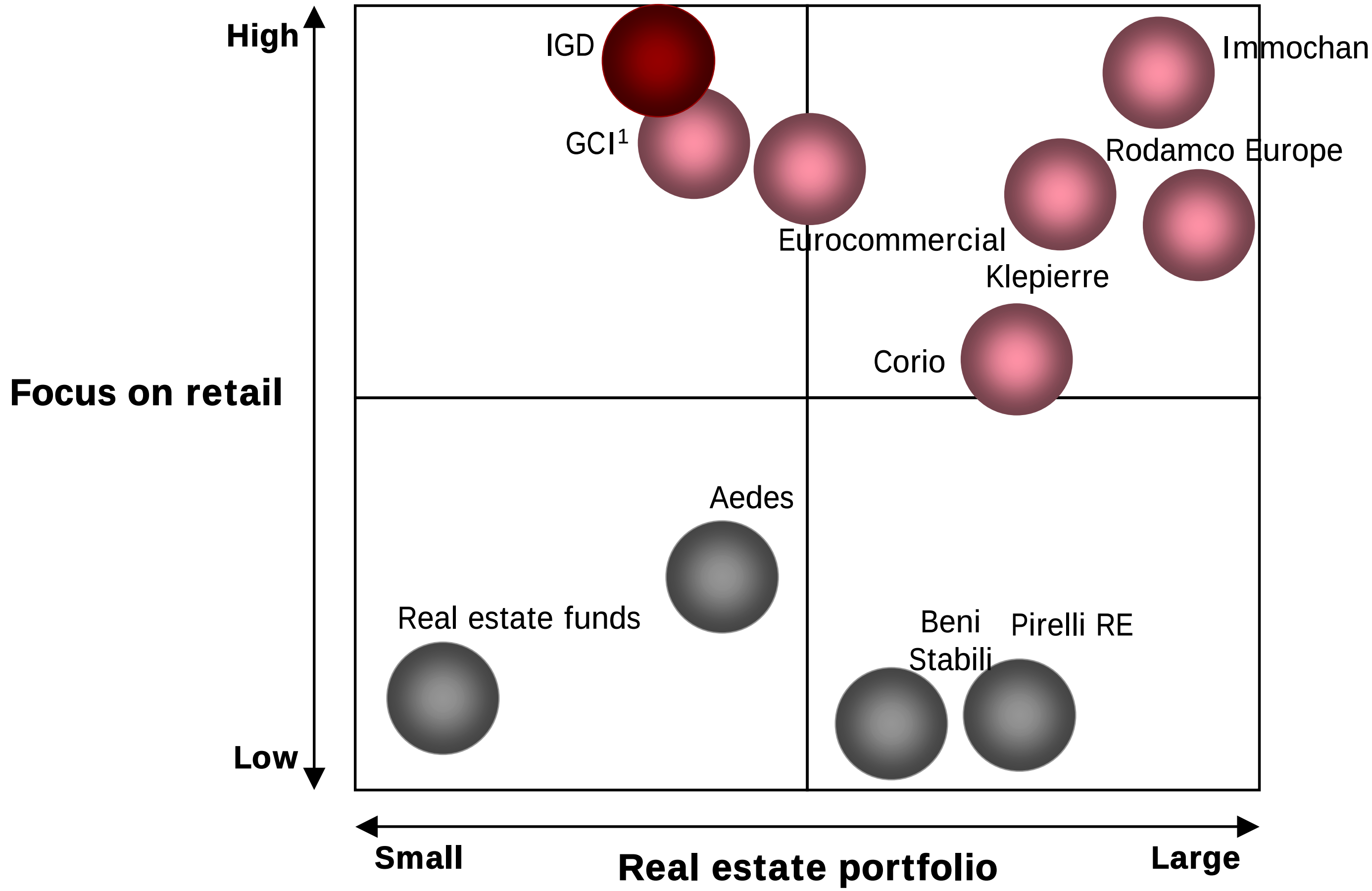
Property activity - IGD's competitive environment



- Since hypermarket operators remain the main developers in the Italian market, the investment activity relies increasingly on strategic partnerships between large-scale retailers and the real estate companies (La Rinascente – Simon)

[1] Gallerie Commerciali Italia (49% Simon Properties – 51% Auchan)

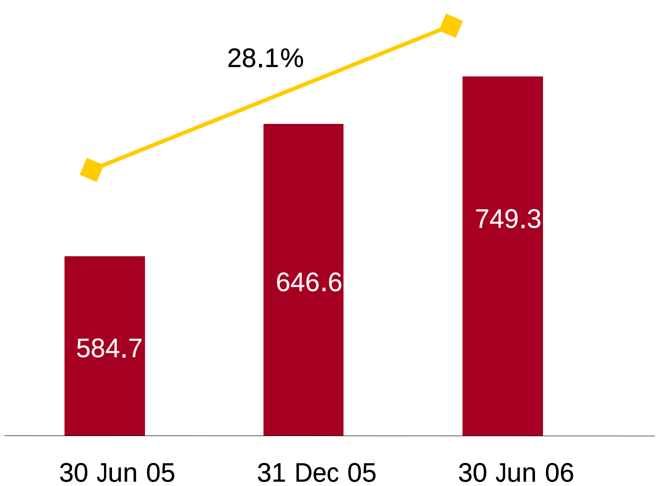
BUSINESS MODEL

Property management - igd immobiliare grande distribuzione

PROPERTY ACTIVITY

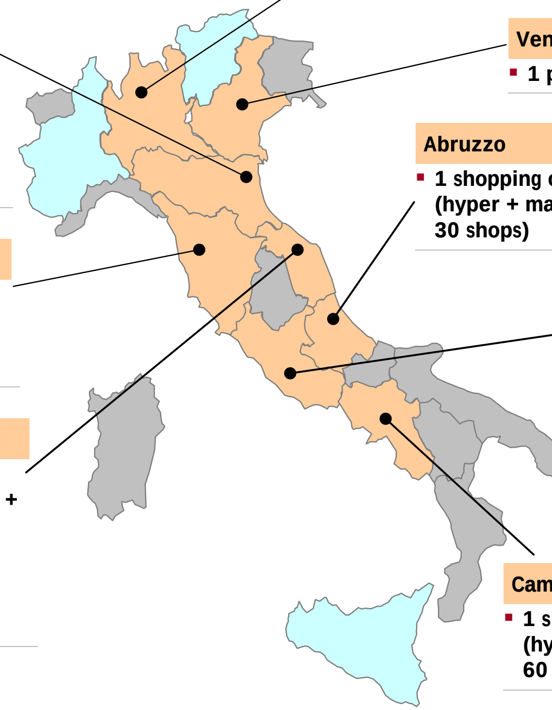
- IGD property management activity consists of:
  - **acquisition** and development of retail real estate assets
  - **increasing the capital value** of the current portfolio (via restructuring, refurbishment and enlargement)
  - **asset disposal**
- Total average **occupancy rate: 99.1%**
  - hypermarkets and supermarket: 100.0%
  - shopping malls: 98.2%

Freehold properties Market Value*



* It does not include: Centrosarca, and all preliminary agreements

Freehold properties, prel agreements and work in progr geographical distribution



Freehold properties
- 9 Shopping Malls
- 13 Hypermarkets
- 1 Superstore
- 1 Supermarket
- 3 Plots of land

Preliminary agrmts and work in progress
- 5 Shopping Malls
- 1 Hypermarket
- 1 Retail Park
- 2 Plots of land

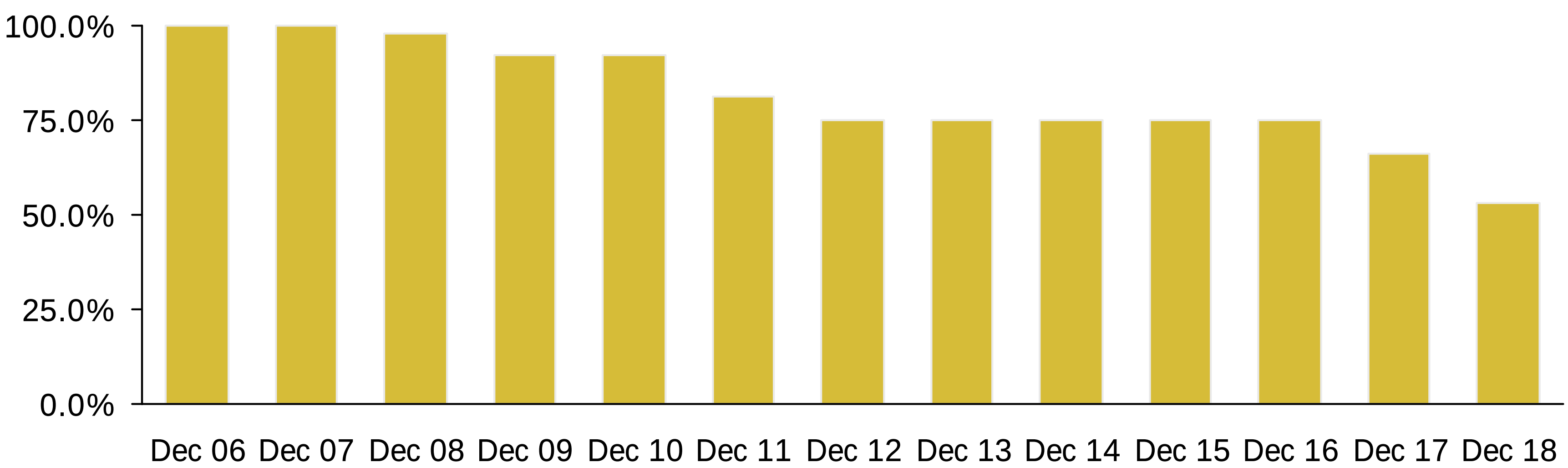
Freehold Properties, preliminary agr and w in pr | Only preliminary agreements and w in pr

Hypermarkets and supermarket: lease terms and main tenants

Main lease terms:

- Average maturity: from 6 to 18 years + 6 years
- Rents indexation: 75% of inflation rate
- Maintenance: ordinary and extraordinary maintenance works charged to the tenant. External maintenance of the properties (façade, etc.) payable by the landlord
- Hypermarkets and supermarket of IGD Portfolio are leased as follow
  - 10 hypermarkets and 1 supermarket to Coop Adriatica
  - 3 hypermarkets to Unicoop Tirreno Group
  - 1 superstore to Interspar
- Coop Adriatica and Unicoop Tirreno are among the major cooperatives of Coop, the first retailer in Italy

2005 freehold rents arising from hypermarkets still rented at a certain date

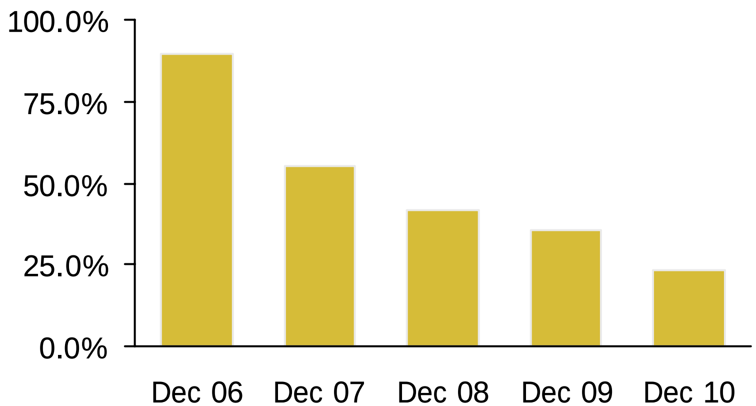


Shopping malls: lease terms and tenant mix

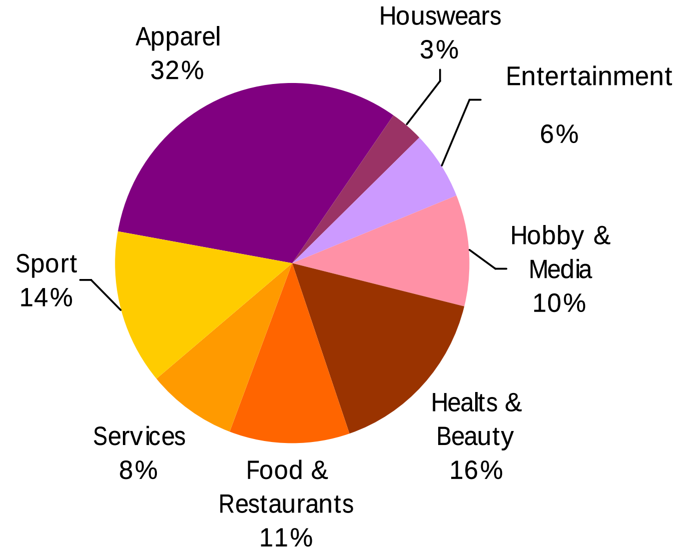
Main lease terms:

- Average maturity:
  - lease agreement of the going concern[1]: 5 years
  - rental agreement: 6 years
- Rental income: a minimum guaranteed rent plus a percentage based on the occupier's sales
- Key money (non-recurrent): approximately 20% of annual rent
- Rents indexation
  - lease agreement of the going concern[1]: 100% of inflation rate
  - rental agreement: 75% of inflation rate
- Lease of temporary spaces
- IGD can benefit from a very diversified tenants base, with limited credit risk, thanks to a careful screening of potential new tenants

Rents arising from shopping malls still rented at a certain date



Surface breakdown by retail sector*



[1] Rental agreement regarding the shop and the commercial licences

*Analysis based on shop operators. Source: company data

Real estate services - gescom

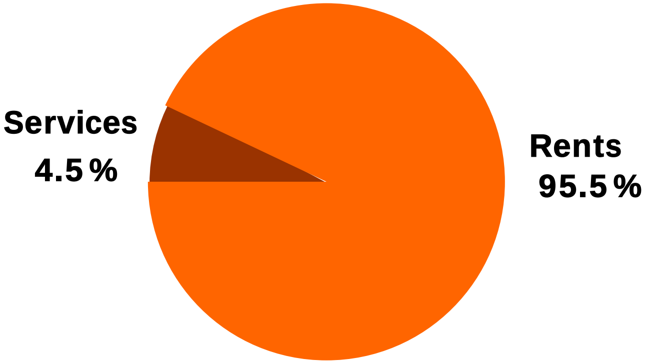
SERVICES ACTIVITY

- The **facility management** activity includes:
  - preparation and implementation of the shopping centre's marketing plan
  - shopping centre's internal budgeting and reporting system
  - organisation of security, cleaning, and maintenance services
- The **agency** activity includes:
  - Marketing/promotion activity of the shopping centre and management of mall expansion
  - analysis of potential synergies
  - tenant mix definition and screening
  - lease negotiations with shop operators

  – Revenues from Agency only refers to **activities towards third parties**

  – Revenues from Agency develop around the **shopping centre opening** date that mainly occurs in the **2nd Half of the year**
- **Highly fragmented market** which represents opportunity to grow
- **Beaten** the stated **4% target**

IGD's 9M06 revenues breakdown

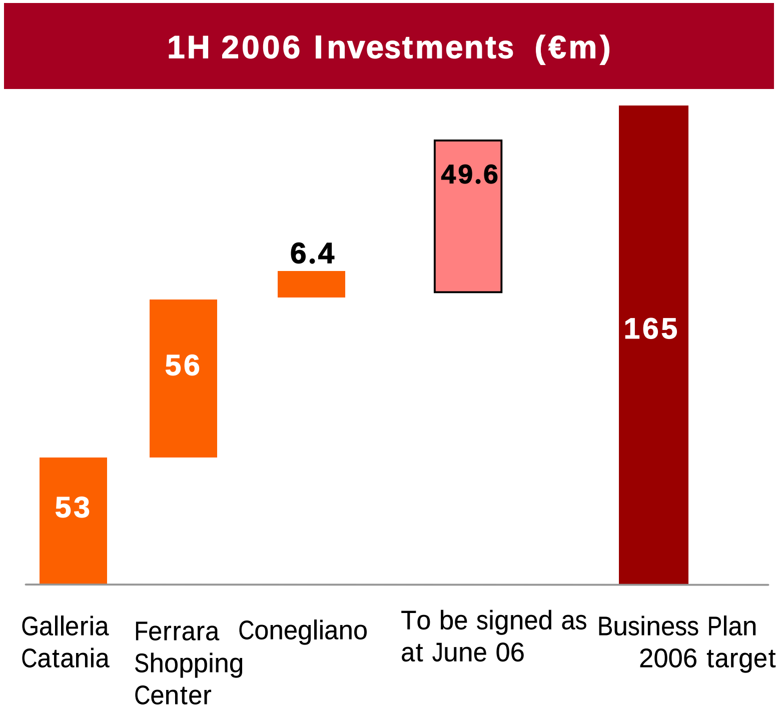


INVESTMENTS

Investments

1H06 Investments

- **Catania Shopping Mall in (Gravina)**
  - On January 12th a preliminary agreement for the construction of a shopping mall in a prestigious zone (Gravina) of Catania was bought for € 53 ml;
  - 1Q07 expected beginning of works
  - Since IPO, it's the second investment in Sicily one of the most underetailed market in Italy
- **Darsena City Shopping Centre in Ferrara:**
  - On May 15th a fully operative Shopping Centre in the historic city centre of Ferrara was bought for € 56 ml
  - The price includes the preliminary agreements for the acquisition of a future enlargement
- **Plot of land in Conegliano**
  - On June 6th a plot of land was acquired for € 6.4 ml
  - The acquisition completes the project for the realization of a Retail Park: the land will host big boxes while the one bought in October will host a Shopping Centre and a common car park



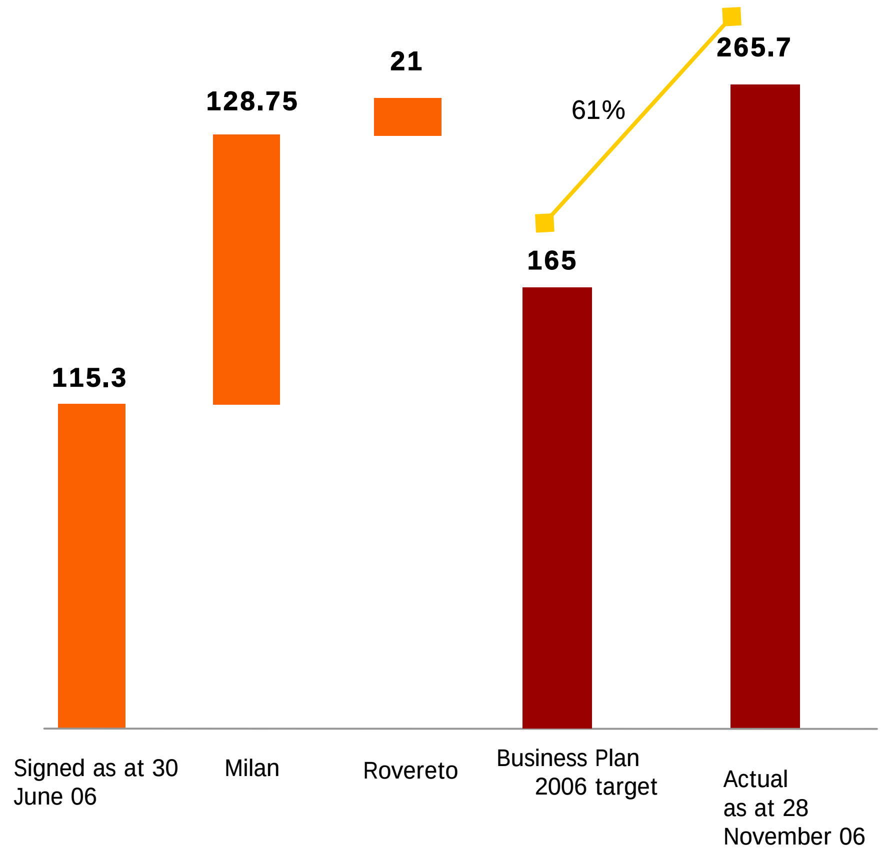
Investments

INVESTMENTS

2H06 Investments

- **Centrosarca Shopping Mall (Milan)**
  - On July 26th a company, owner of a shopping mall hosting 80 shops, 7 of which medium size surfaces, was bought for EUR 128.75ml and it was not included in the EUR 810ml business plan
- **Millennium Mall in Rovereto (Trento)**
  - **On October 10° IGD signed the preliminary agreement for the acquisition of the** shopping mall hosting 38 shops for a total of approximately 7,430 square meters, for a total consideration of EUR 21ml.
- **Centro Leonardo (Imola) enlargment disposal**
  - **On November 13th IGD sold Centro Leonardo enlargement** for EUR 43.03ml to European Commercial Properties
  - Plus realized of about EUR 3 – 4.5 ml
- **RGD**: on November 14 a Joint Venture agreement with Beni Stabili was signed.

2H 2006 Investments (€m)



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VALUE DRIVERS and BUSINESS PLAN

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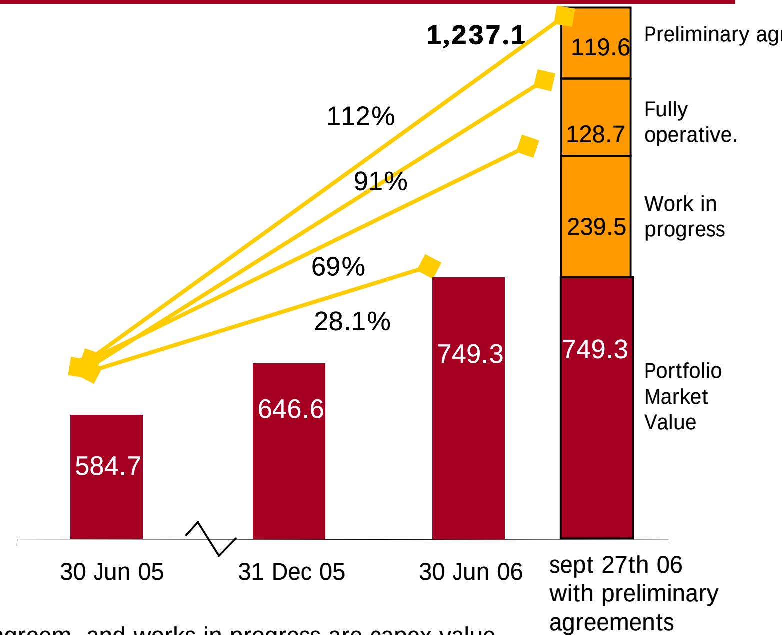
Value creation through growth and portfolio management

VALUE DRIVERS & BUSINESS PLAN

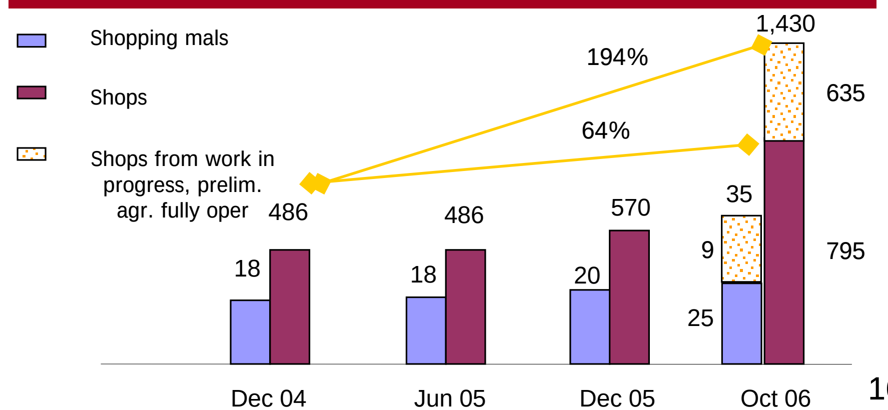
- **Growth** is the first value drivers in Igd
- **Focus on the South** but capability to get good opportunities in Northern Italy: 65% of realized Igd growth
- **Strong visibility** on the pipeline
- **Out of Business Plan Investment**
- Igd competitive hedge vs competitors: **direct management** of Igd and third party properties

Igd's Properties fair value and capex value of acquisition made since IPO (€ m)



Preliminary agreem. and works in progress are capex value

Sh. Malls and Points of sales managed



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Value Creation through the Financial Structure

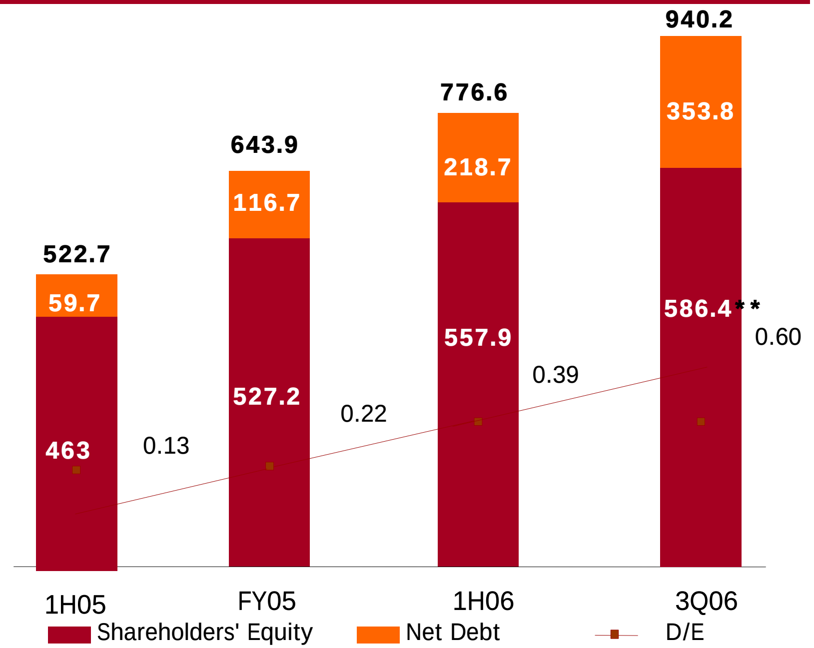
VALUE DRIVERS & BUSINESS PLAN

- **Reaching Optimal Financial structure** is the other value driver in Igd

- **Target D/E:** 1.5

- **Proactive management of Debt structure**
  - Low interest rate: 3.70% fixed on the outstanding long term debt
  - Low interest rate risk: variable rates hedged by IRS on long term debt

Total Capitalisation (€m)



** Shareholder Equity includes a pretax profit

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Business Plan: Development Strategy

2005 2006 2007 2008

Agreements *Startup*

2005 *Programmed development* 2008 *Business Model Evolution* 2010

- Growth of the Portfolio
  - Framework agreement
  - Other projects at an advanced stage of negotiation
- Extract value from existing portfolio

- Extract value from upgraded portfolio
- Framework agreement upgrade
- Fair value increase
- Evolution and diversification of the portfolio

Focus on growth opportunities

- Financial structure evolution
- Potential capex level
- Market monitoring

Focus on growth drivers

- Revenues increase
- EBITDA
- Cost of Capital
- Financial Structure

Business Plan: 2005 – 2008 New Investments for some € 810 m

Revenues From growth

- Expected initial gross yield from capex in the range of 6.5% - 7.0% (IRR of 7.0 % - 8.0%)
- *Pilotage* - one off agency activity (approximately 20% of the tenant's annual rent)
- *Key money* – 20 to 30% of tenant's annual rent

Revenues from existing portfolio

Rent Revenues

- Like for like 2008 **CAGR 3.0% - 3.5%** (1.5% net of inflation)

Services Revenues

- **4%** of 2008 revenues (like for like)

Costs

- 2008 G&A: 5.0% of revenues

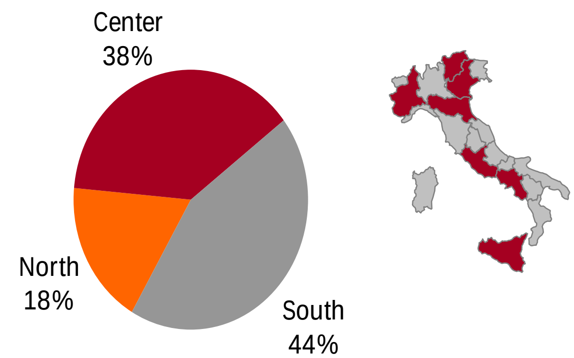
EBITDA

- 2008 EBITDA margin range of **65 - 68%**

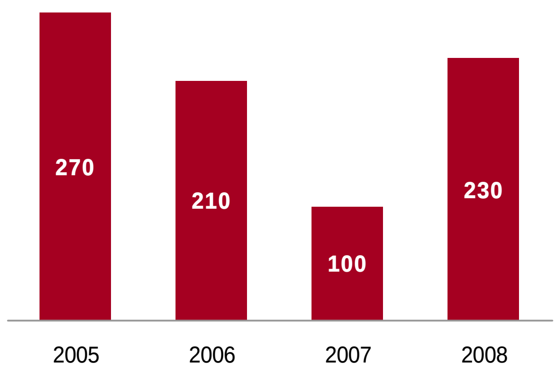
Debt

- Aimed D/E: 60% Debt, 40% Equity
- Debt maturity: 10 – 15 years
- LT debt fully hedged, expected fixed average rate of 4.2%
- Short term debt in the range of 8-10% of total debt (Euribor plus a spread form 0.5% to 0.85%)

Total Capex by region



Total Capex by Year (€ m)



STRATEGY CHANGE AND FIRST ACHIEVEMENTS

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To beat the target: evolution of the strategy

As IGD follows the evolution of the sector cycle of life, the company already started to work on the development of the strategy to anticipate and be the forerunner of sector changes:

- Diversification:
  - Retail Park: under-retailed segment in Italy
  - Service/neighbourhood shopping centres
  - Shopping Centre Format
  - Geographical
- Partnership
- Italian leadership in Service Activity

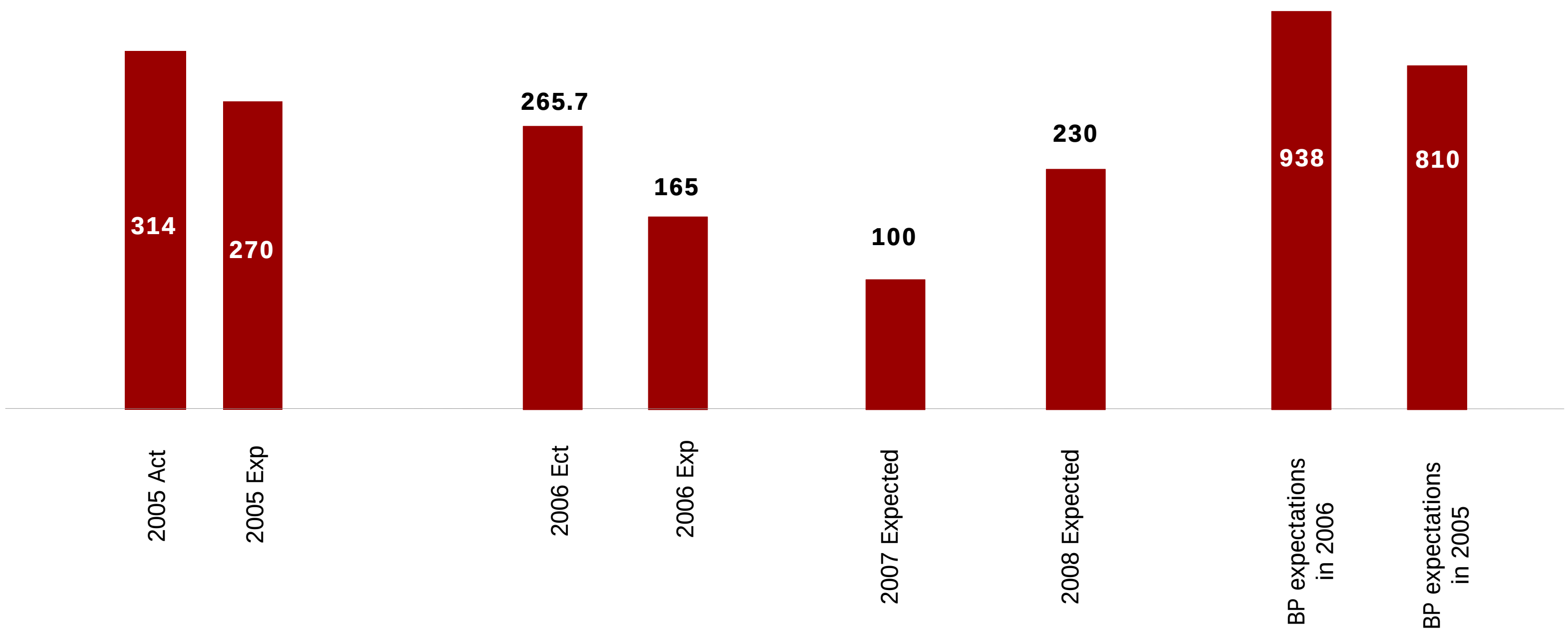
STRATEGY CHANGEMENT AND FIRST ACHIEVEMENTS

Business Plan developments

Thanks to the focus on the sector changes and long term view, during the last two years IGD was able to exploit not only the opportunities coming from the framework agreement with the two main shareholders, but even the ones rising from the market.

For these reasons the company was able to shoot and beat the 2005 and 2006 Business Plan targets.

Business Plan and achieved and foreseen results - €ml



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Diversification through partnership - RGD

A new company with Beni Stabili was created:

Beni Stabili

"Core"
Offices and
Shops in city centre

IGD

"Core"
Shopping Centres and
Retail Parks

50% 50%

JV

RGD
Riqualificazione Grande Distribuzione

Acquisition of existing and mature Shopping Centres
with profitability and growth to be boosted through new management and re-organization

Diversification through partnership - RGD

Mission:
“Valorization of existing shopping centres in order to obtain the market leadership”

Advantages:
- to be more competitive in the acquisition process
- to utilize economies of scale
- to obtain synergy combining the two companies expertise

Advantages for IGD
- to increase investment potentiality
- to diversify the activity systematically entering, through a specific investment plan, the already operative and capital intensive shopping centre sector with a partner of real estate management and financing high standing
- reinforcement of Gescom virtuous cycle: more Shopping Centres managed → improved capacity to attract outstanding brands → increase in the attractiveness of the shopping centre belonging both to the JV and IGD → possibility to increase rents
- reinforcement of the relationship with Beni Stabili through the opportunity to valorize their potentially commercial real estate assets

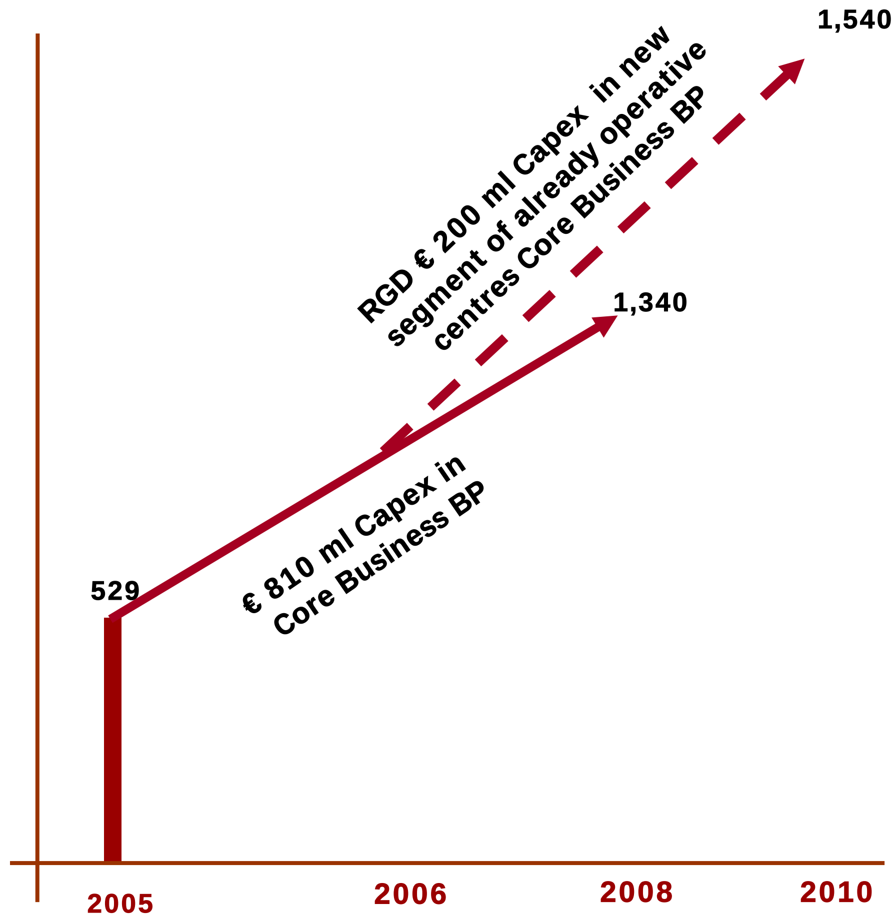
Activity
- acquisition of mature shopping centres in Italy at market condition to restyle, change the tenant and merchandising mix, to refurbish in order to **requalify them and as a consequence to boost their profitability**

Diversification through partnership - RGD

RGD FINANCIAL INSIGHT

Initial Equity:	*€120 ml*
Initial minimum entry Yield for new acquisitions	*3.5%*
Target Yield	*6.5%*
Target total assets:	*€500 ml*
Min Leverage:	*70%*
Target Gearing reatio:	*4*
Investment period:	*3-5 years*

REAL ESTATE PORTFOLIO CAPEX VALUE

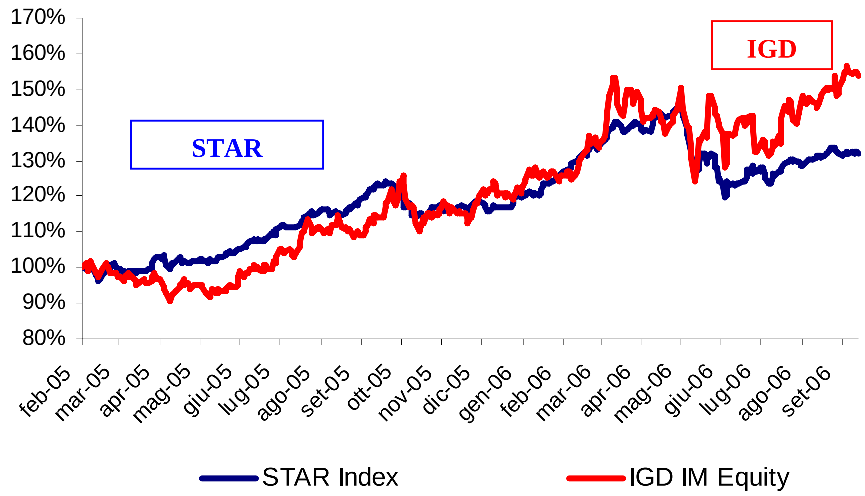


Stock performance: capital market endorsement

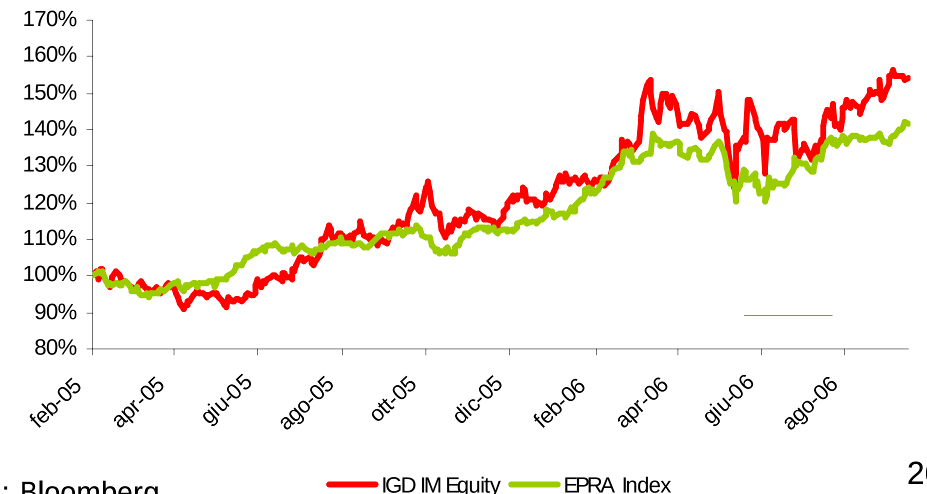
IGD stock beat the comparables as the market understood value created through:

- High visibility on the pipeline
- Capability to shoot the target
- Tough and clear communication

IGD vs STAR



IGD vs EPRA Euro Zone



Source: Bloomberg

3Q 2006 FINANCIALS

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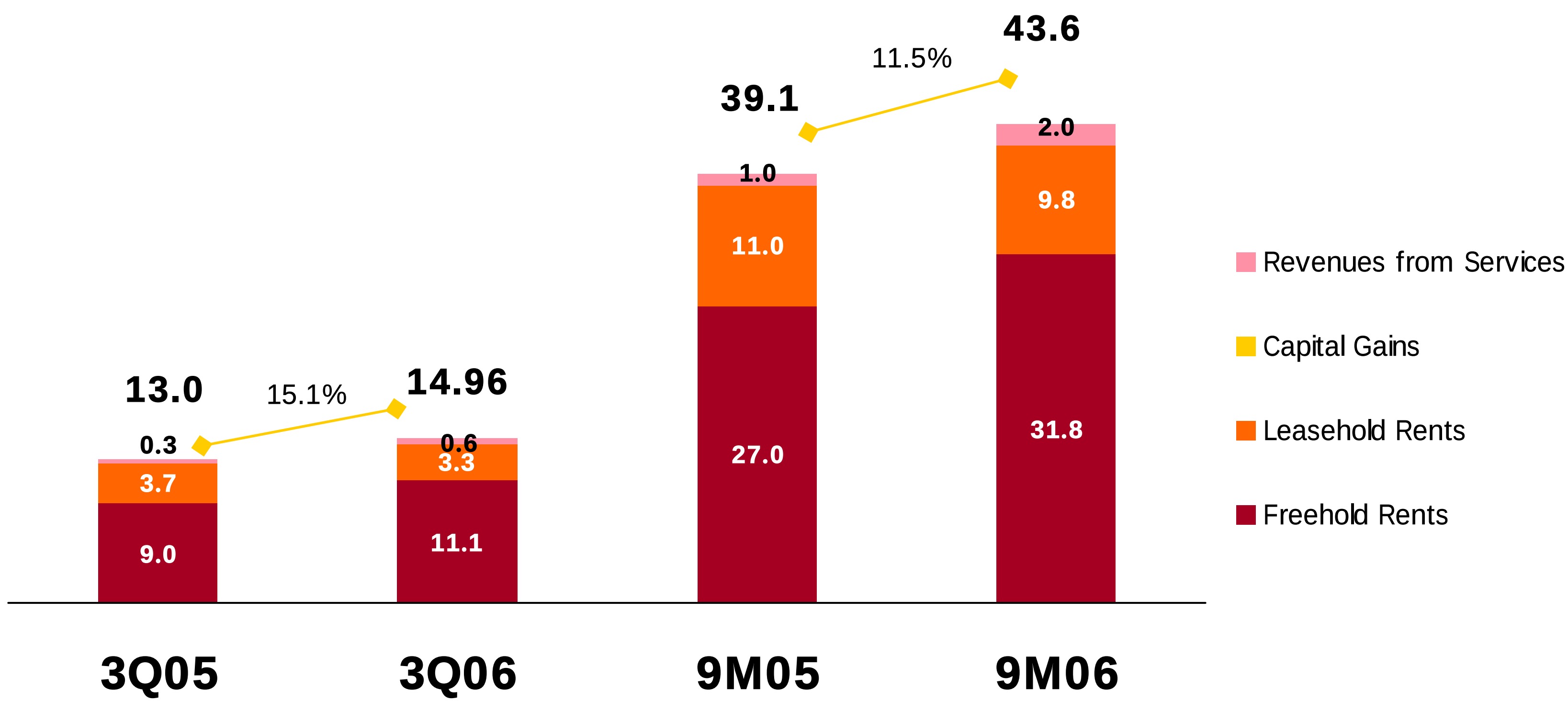
Revenue growth and breakdown

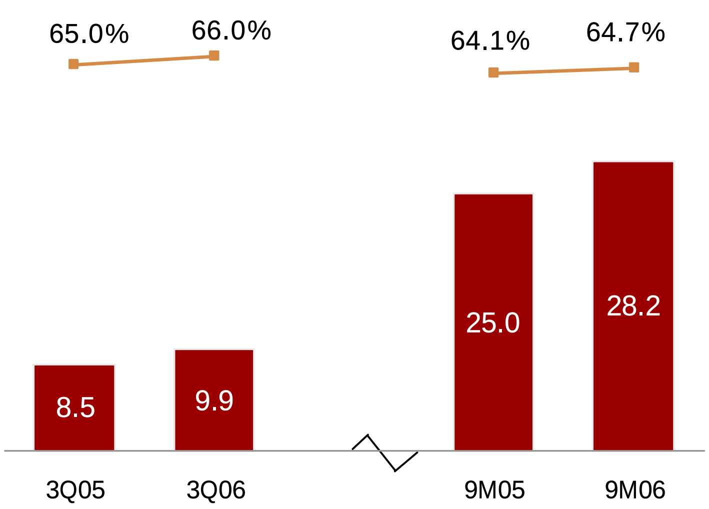


Internal riclassification (€ml)

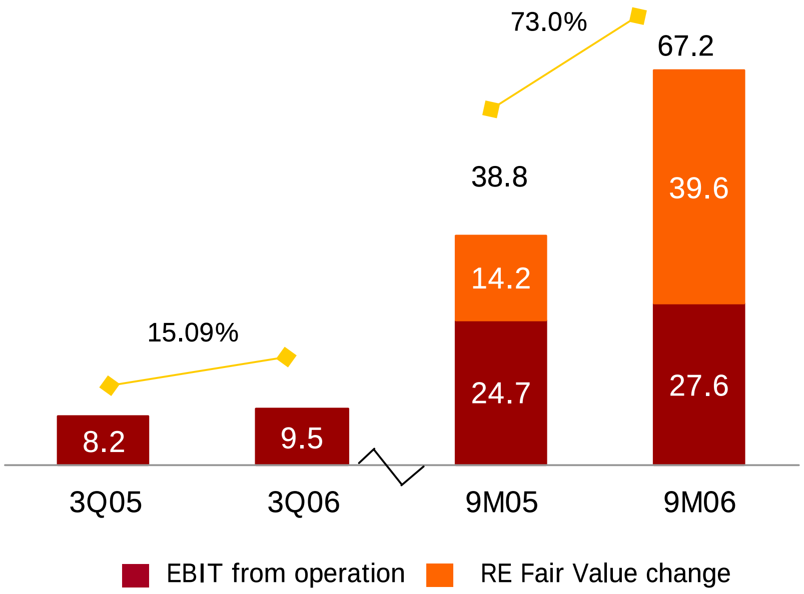
EBITDA and EBIT Trend

3Q06 FINANCIAL RESULTS

EBITDA (€m) and EBITDA margin (%)



EBIT (€m)



NB 3Q 06 EBIT includes a decrease of € 0.33 mln in term of fair value due to new investments not included in the latest CBRE appraisal

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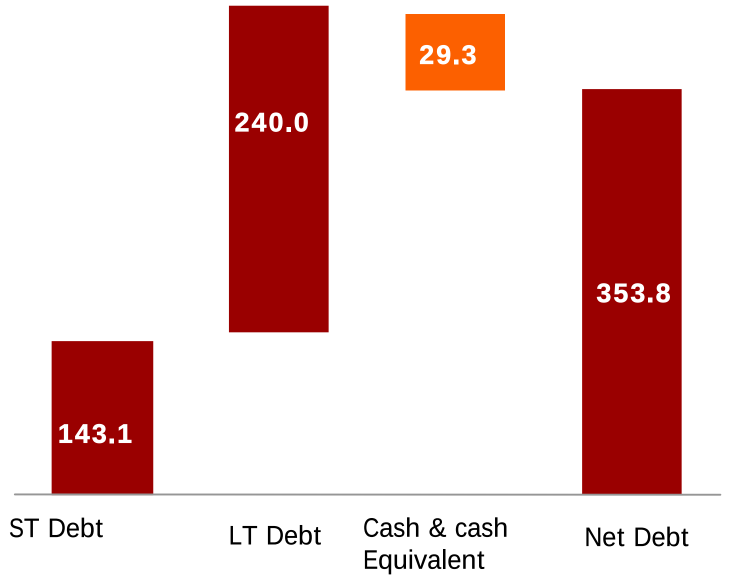
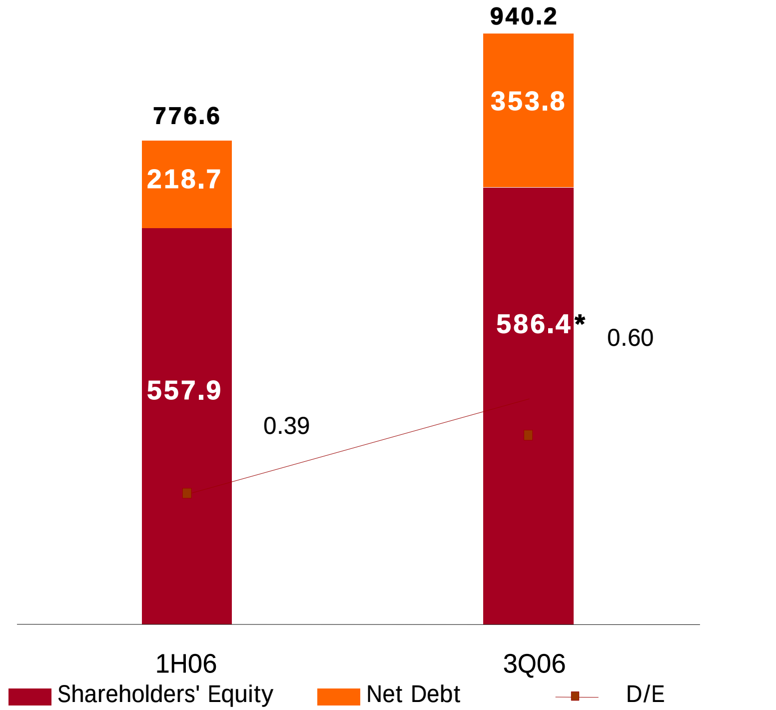
Capital Structure

Net Debt – 30 September 2006 (€m)



Total Capitalisation (€m)



* Shareholder Equity includes a pretax profit

Interest Expense

- 64% long term debt is hedged with Interest Rate Swaps at a fixed average rate of 3.70%
- Short term debt is due to new investment financing while waiting to convert it into long term debt

NFP gross increase breakdown

Increase in NFP is due:

- € 129 for Centrosarca financing which will produce revenues only from 4Q

- the remaining is due to the financing of preliminary agreements and work in porgress of past investments

NAV as of June 30 2006

Double Net NAV per Share (€)	
Total Portfolio market value - 30 June 2006	749.3
Total Portfolio book value	712.9
Embedded capital gain	**36.4**
Shareholders' Equity	557.9
NAV	**594.3**
Estimated Tax on capital gain (37.25%)	-13.6
Net NAV	**580.8**
Net NAV / share	**2.06**

- Net NAV includes both direct and indirect costs
- Net NAV includes taxes
- NAV per share increased as a consequence of the new portfolio appraisal

Appendices

Rovereto - Shopping Centre Acquisition

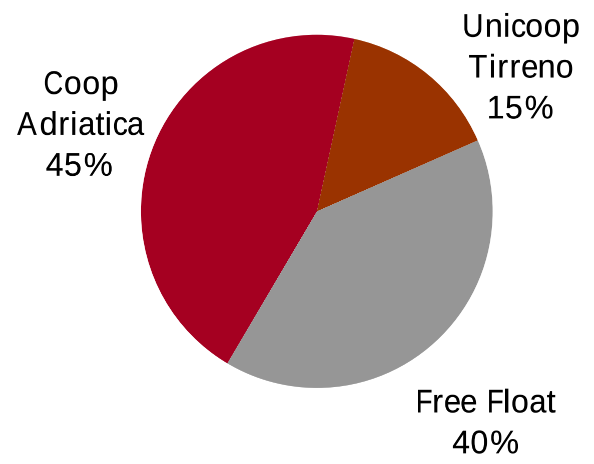
Rovereto - Shopping Center Acquisition

- Signed a preliminary agreement for the acquisition of the **Shopping Mall of Millennium Shopping Centre** in **Rovereto**
- Foreseen **closing**: february 2007
- Total **surface** approximately 7,430 m^2
- 37 **shops**, 1 medium size surface
- **Investment** of € **21** million.
- **Gross yield** higher than the one generally available for a fully operative shopping centre
- High expectation of gross yield increase thanks to **direct management** and the possibility to have **contracts renewal**

Corporate Governance

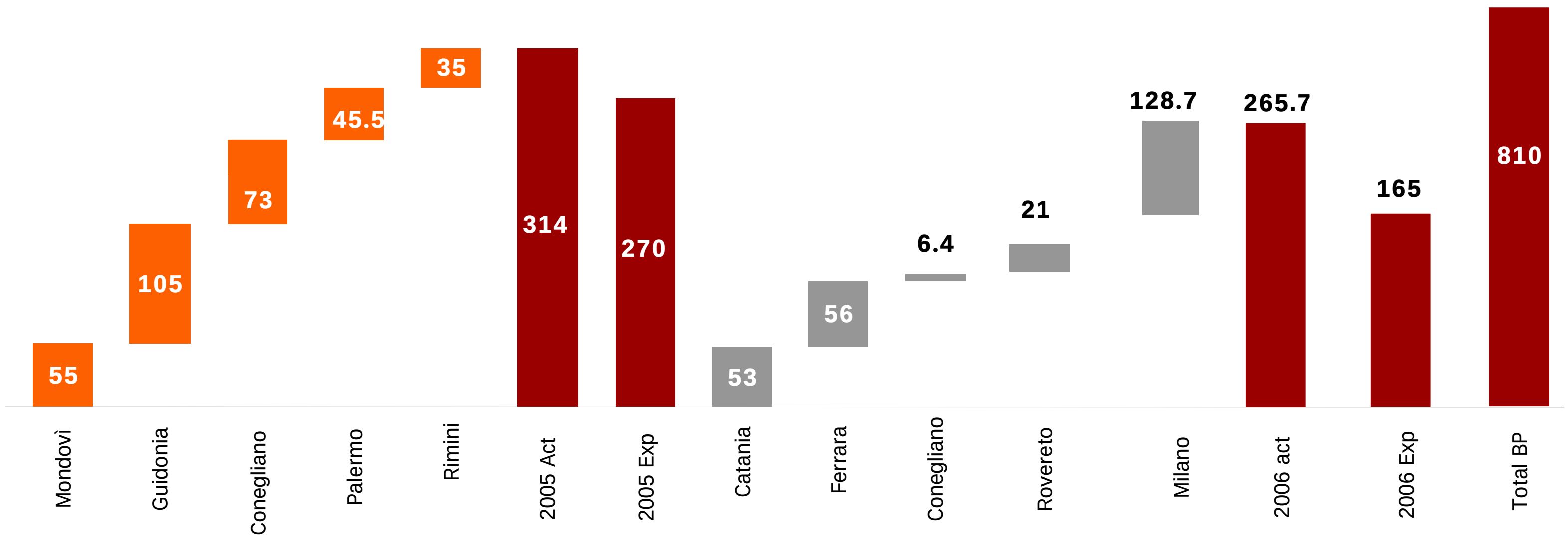
- **Board of Directors**: 15 members, of which 8 independent non executive directors. The Annual General meeting on April 28th appointed 3 directors representative of the minorities.
- **Internal control committee**, consisting of 3 non executive Board members of which 2 independent
- Internal dealing code
- Treatment of confidential information
- Lean and flexible organisation structure
- 30% of the top managers' total compensation is based on IGD financial results
- Outsourcing of non-core functions (legal, IT, tax...)

Shareholding Structure

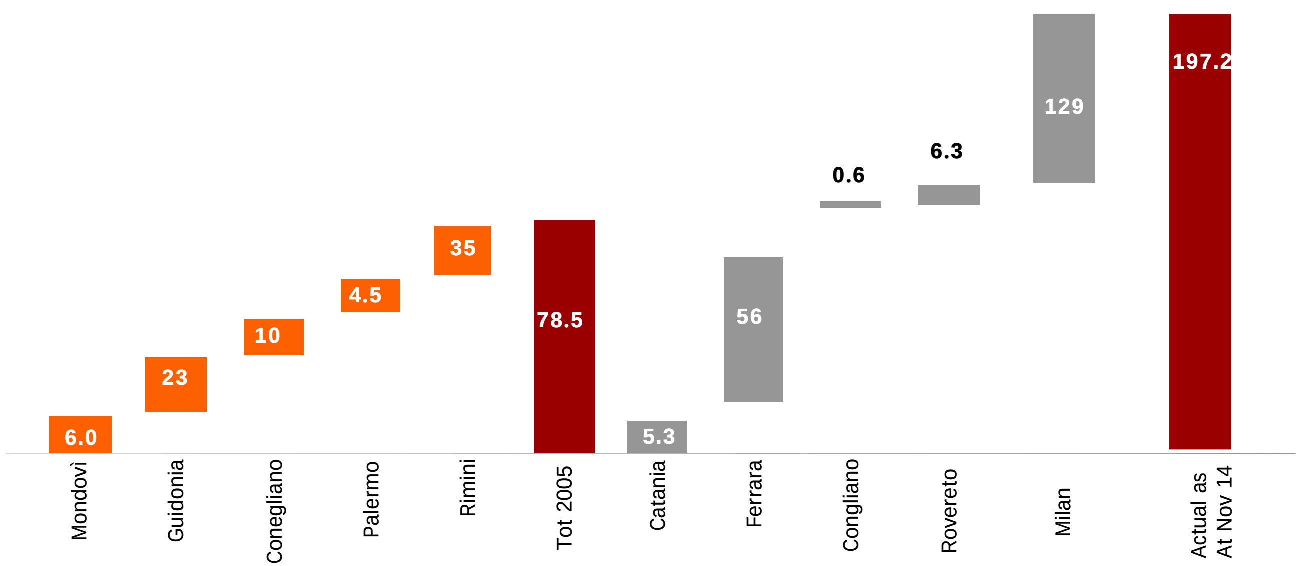


Achievements and relative cashout

Signed Agreements (€ m)



Cash-out on the date of Agreements (€ m)



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Consolidated Balance Sheet

€ m	FY05	9M06
Intagible Assets	2.9	21.6
Tangible Assets	661.5	921.6
Total Assets	**664.4**	**943.2**
Inventories	14	29.49
Receivables	7.7	7.06
Other receivables	13.1	17.97
Payables	(10.0)	(14.6)
Other Payables	(26.6)	(2.7)
Net Working Capital	**(1.8)**	**37.19**
Long term payables	(18.8)	(40.2)
Invested Capital	**643.8**	**940.2**
Funded by:		
Shareholder's Equity	**527.2**	**586.4**
Cash & Cash Equivalents	61.0	29.4
ST Financial Debt	(37.8)	(143.1)
LT Financial Debt	(139.8)	(240.0)
NFP	**(116.6)**	**(353.8)**
Total Funding	**643.8**	**940.2**

NB 9M Shareholder Equity includes taxes

Consolidate Income Statement

€ m	3Q05	3Q06	9M05	9M06	*Var % 3Q*
Freehold rents	9.0	11.1	27.0	31.8	***23.4%***
Leasehold rents	3.7	3.3	11.0	9.8	***-11.1%***
Revenues from services	0.3	0.6	1.0	2.0	***86.7%***
Other revenues	0				
Total Revenues	**13.0**	**15.0**	**39.1**	**43.6**	***15.1%***
Direct costs	(3.9)	(4.1)	(12.0)	(12.1)	***4.9%***
of which passive rents	*(3.3)*	*(4.0)*	*(9.8)*	*(10.0)*	***21.2%***
SG&A	(0.7)	(1.0)	(2.1)	(3.3)	***40.0%***
EBITDA	**8.4**	**9.9**	**25.0**	**28.2**	***17.7%***
EBITDA %	***64.62%***	***66.11%***	***63.9%***	***64.7%***	
Depreciation	(0.2)	(0.1)	(0.4)	(0.6)	***-46.7%***
Fair Value Change	0.00	(0.3)	14.18	39.60	
EBIT	**8.3**	**9.5**	**38.8**	**67.2**	***14.9%***
Net Financial Income/(charges)	(0.9)	(2.3)	(2.8)	(4.8)	***151.1%***
Profit Before Tax	**7.4**	**7.2**	**35.9**	**62.4**	***-1.8%***