

igd
immobiliare
grande distribuzione



Star Presentation

New York, May 2006

Agenda

➤ 1 YEAR OF LISTING HIGHLIGHTS

➤ RETAIL REAL ESTATE MARKET

➤ BUSINESS MODEL

➤ 1Q06 FINANCIALS

➤ BUSINESS PLAN 2005-2010

➤ APPENDIX

1 YEAR OF LISTING HIGHLIGHTS

IGD Overview

- IGD is listed on the **Italian stock Exchange** since **February 11th 2005** at € 1.45 per share
- As of August 5th, IGD's shares trade on the **Star segment** of the Italian Stock Exchange
- **Star segment** is dedicated to mid and small cap companies that commit to satisfying higher transparency, corporate governance and liquidity requirements
- IGD is one of the main players in the retail segment of the Italian real estate sector



Property management and leasing activity

- Management of freehold properties
- Leasing of supermarkets to large-scale retail and of shopping malls to shop operators



Real estate services

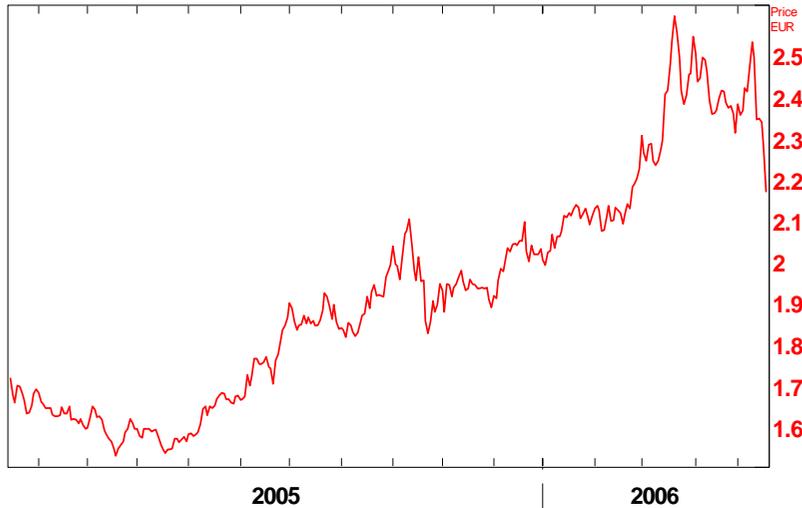
- Sub-leasing of leasehold properties
- Management of IGD and third party's shopping malls
- Real estate services
- Owner of the commercial licenses for the shopping malls' shops



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Stock Performance and Economic Results

IGD stock performance since IPO



IGD vs STAR



IGD vs EPRA Euro Zone



Stock Performance

- After only six months IGD was able to enter the STAR segment
- Stock performance has beaten both the STAR index and the main competitors of the real estate sector
- IGD stock has been taken into account into one of the most important Real Estate Index: EPRA/NAREIT Index. Even in this case it has beaten the Index



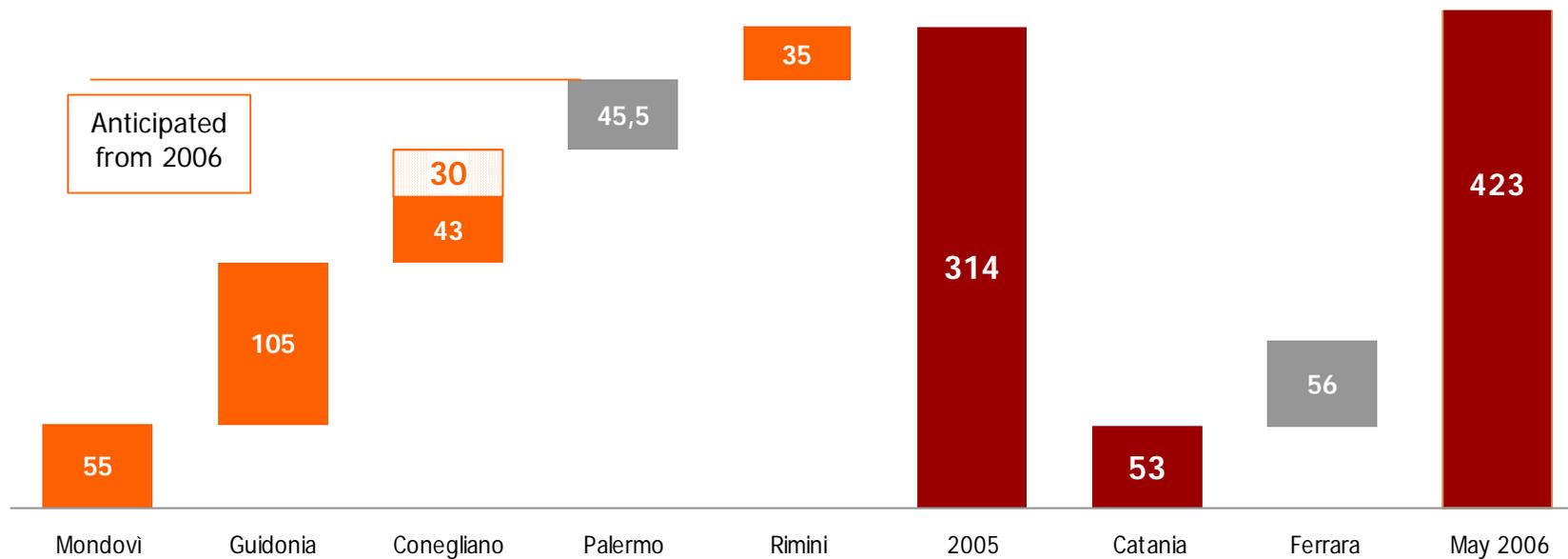


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2005 – May 2006 Achievements

1 YEAR OF LISTING HIGHLIGHTS

Signed Preliminary Agreements (€ m)





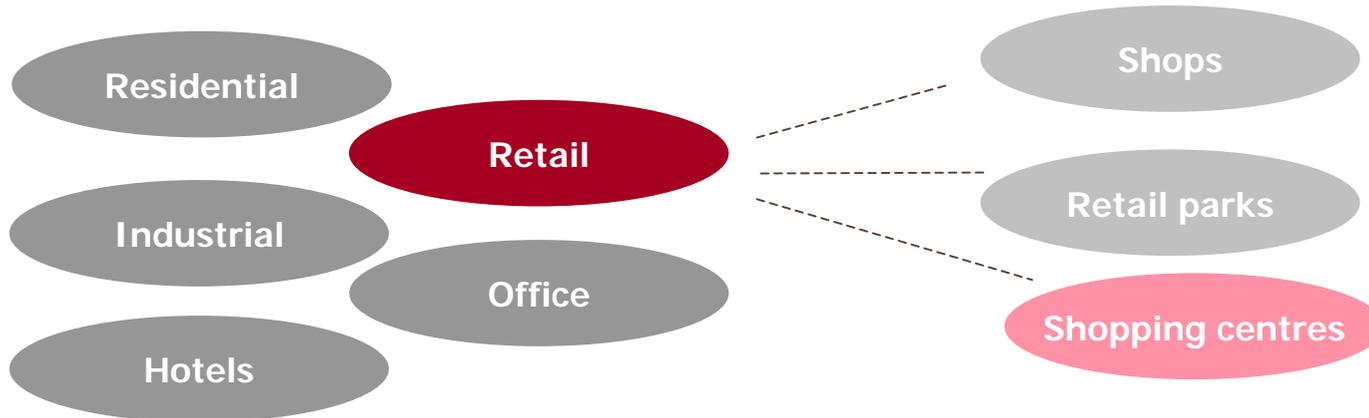
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RETAIL REAL ESTATE MARKET

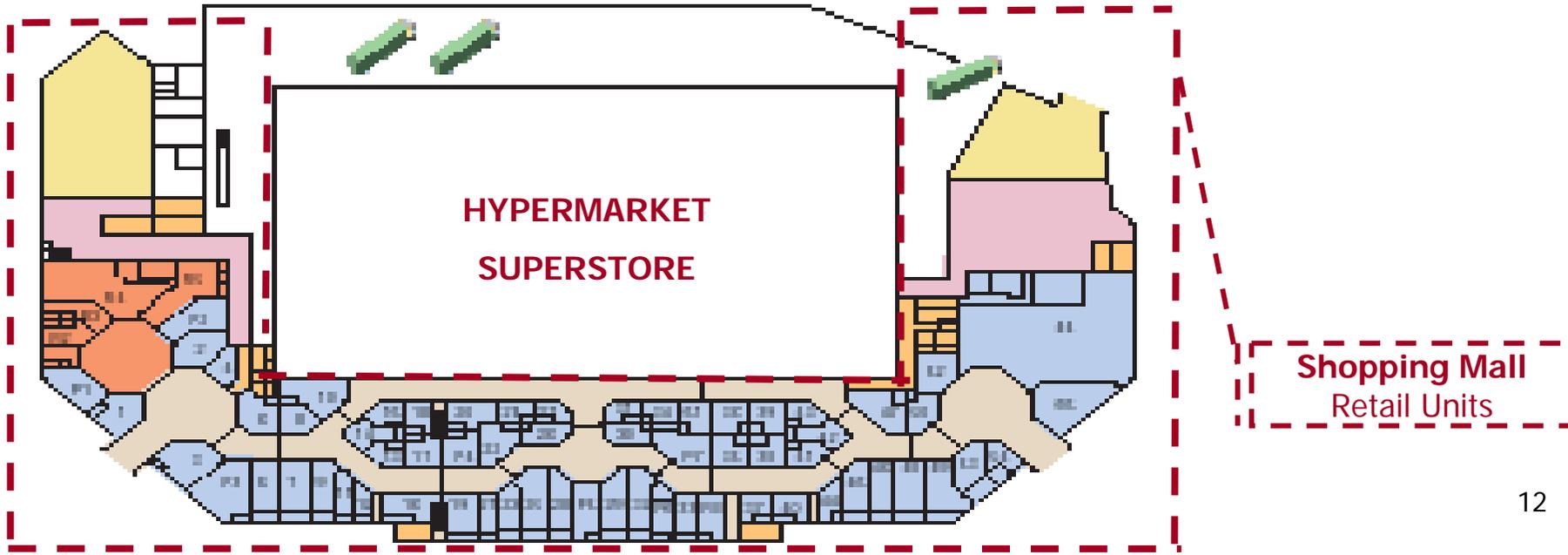


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Italian Real Estate Market



Typical Italian Shopping Center Lay Out

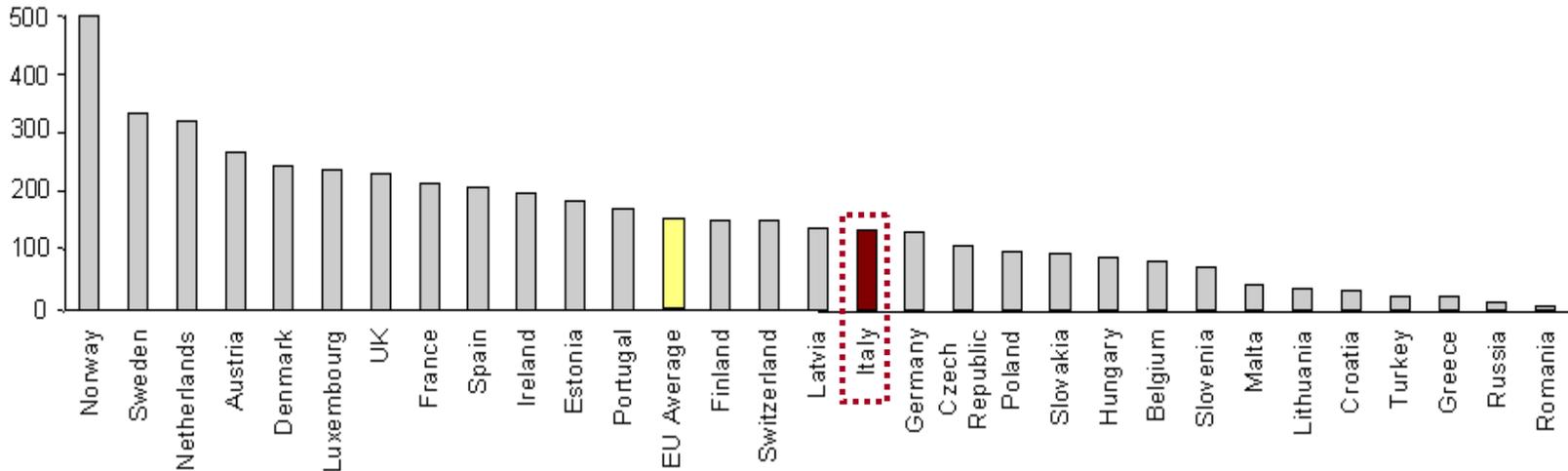




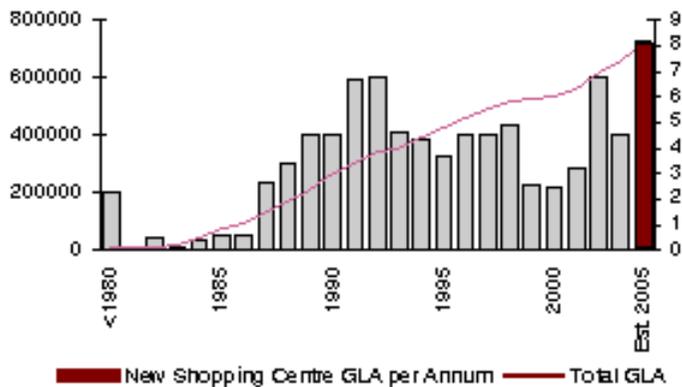
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Italian retail real estate market

Shopping Centre Supply (m2 per '000 Inhabitants)



Development of Shopping Centres in Italy (m2)



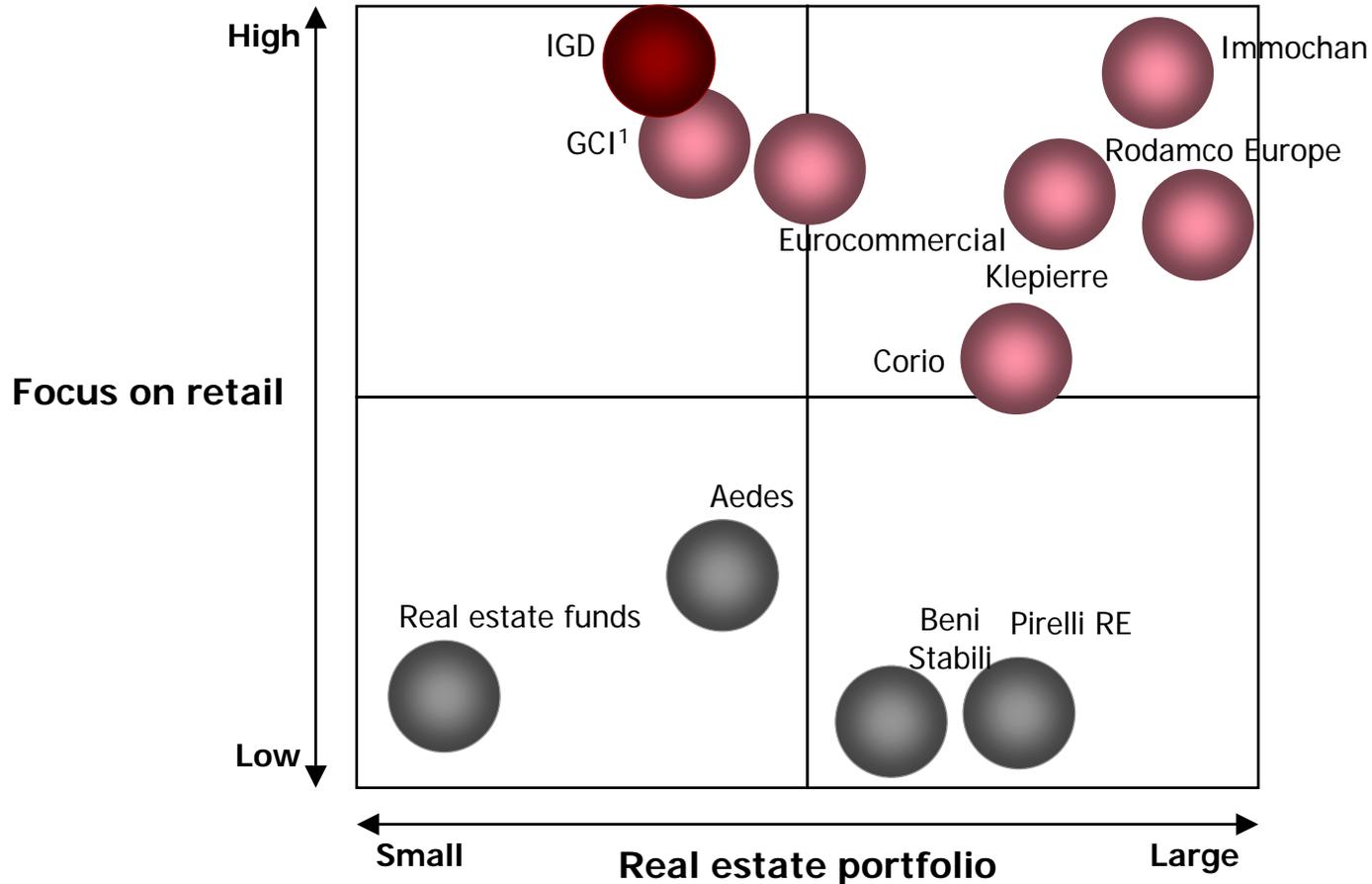
- **Outperformance** of real estate market in Italy and increasing flow of foreign capital in the past 2 years
- Attractive Italian retail property market, still **“under-retailed”**: low rental values and lowest shopping centre floorspace per capita in Western Europe
- **Central Italy** is growing faster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

Source: Cushman & Wakefield Healey & Baker



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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 (Carrefour-Klepierre, La Rinascente-Simon)



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



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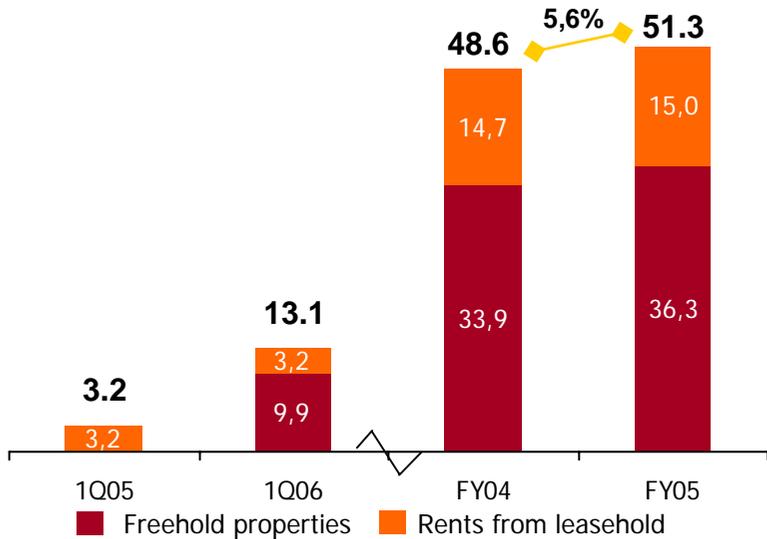
BUSINESS MODEL



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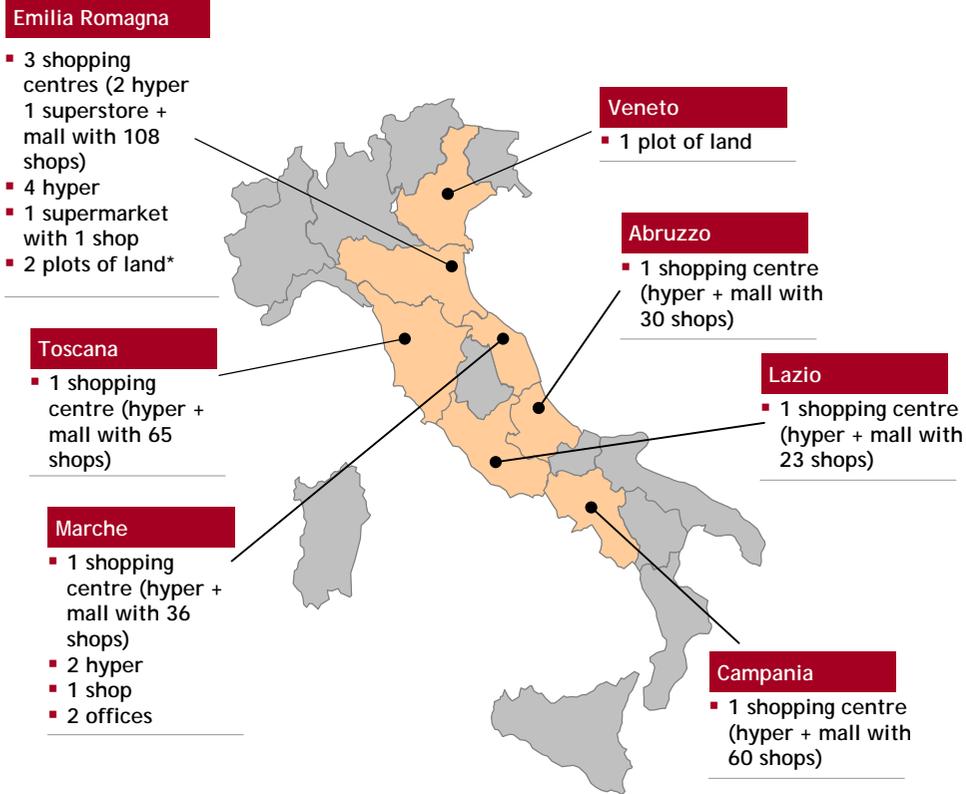
- IGD property management activity consists of:
 - **acquisition** and development of retail real estate assets
 - **increasing the capital value** of the current portfolio (via restructuring, refurbishment and enlargement)
 - **asset disposal**
- Total average **occupancy rate: 99.1%**
 - hypermarkets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

Total gross rents revenues (€ m)



Note: (*) Ongoing extension works at Centro Leonardo (Imola)

Freehold properties – geographical distribution



- 8 Shopping Centres
- 6 Hypermarkets
- 1 Superstore
- 1 Supermarket
- 3 Plots of land

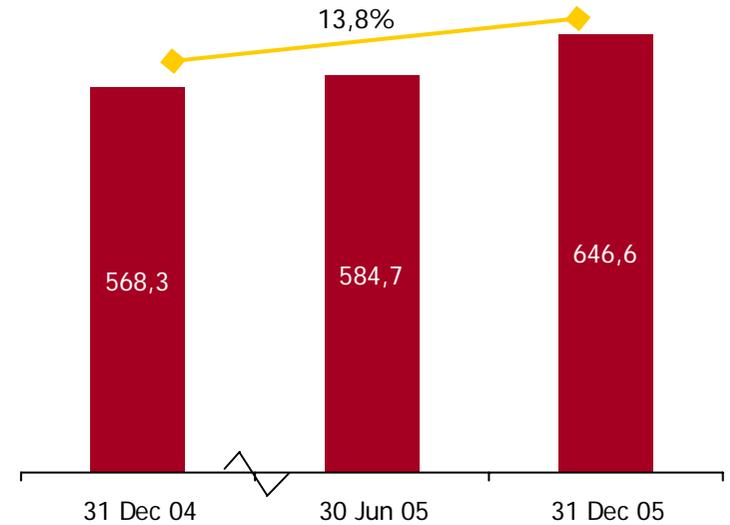


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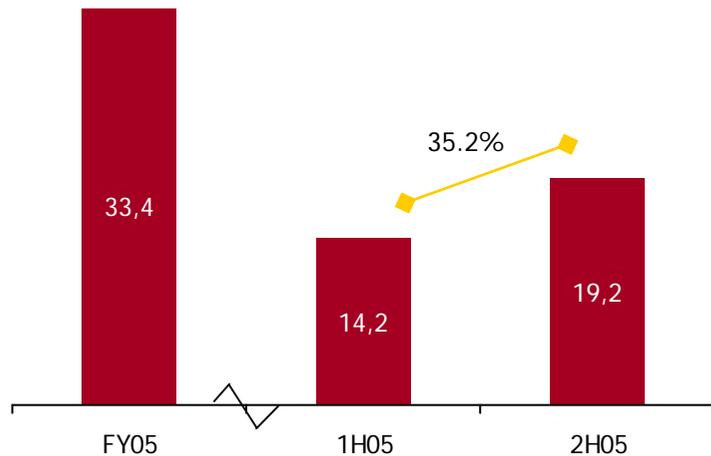
CB Richard Ellis New Appraisal as of December 31 2005

- Market value of IGD freehold properties is **€646.6m** as of December 05 (CB Richard Ellis)
- 2005 change in fair value was affected by:
 - **WACC decrease**
 - **Exit Cap Rates decrease**
 - improvements of the existing portfolio
 - market trend
 - **Acquisition of a hypermarket in Rimini**
- **2006 new acquisitions** of Catania and Ferrara will be included in the new appraisal of June

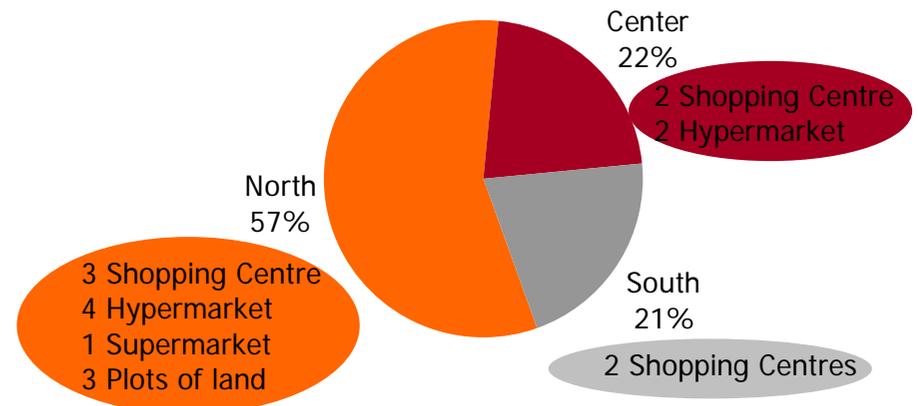
Igd's Freehold Properties fair value (€ m)



Change in fair value (€ m)



Igd's Freehold Properties fair value by region





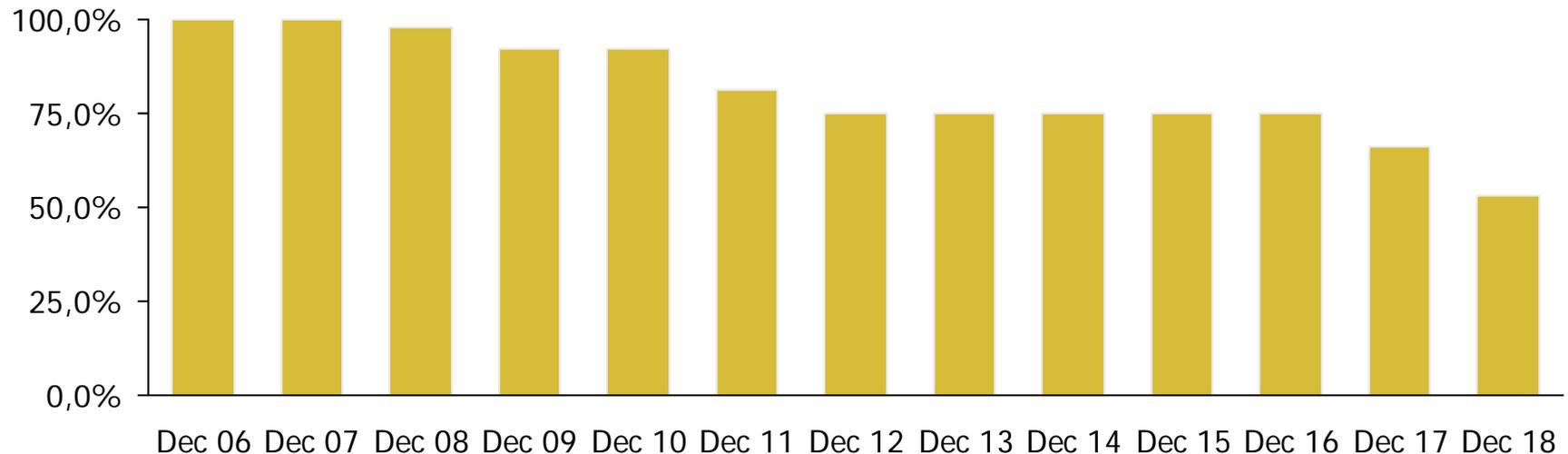
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Hypermarkets and supermarket: lease terms and main tenants

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





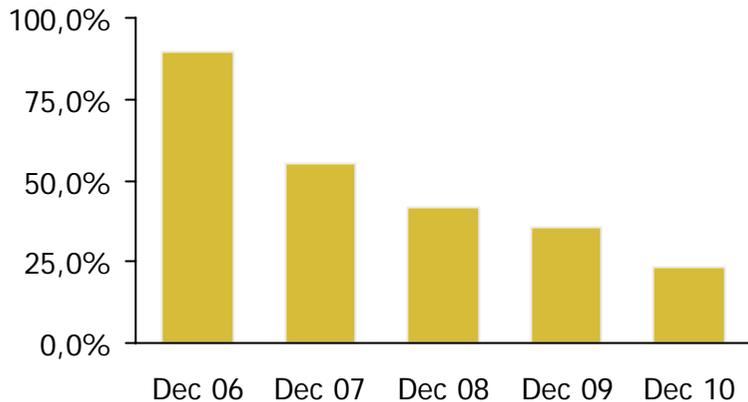
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Shopping malls: lease terms and tenant mix

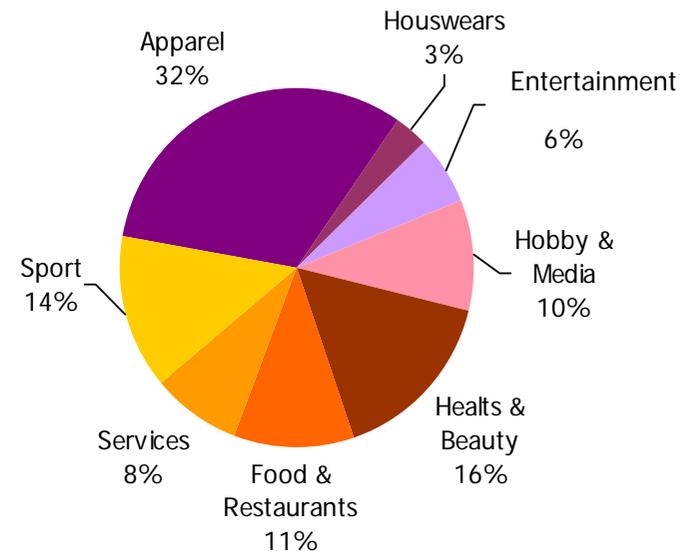
Main lease terms:

- Average maturity:
 - lease agreement of the going concern¹: 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 concern¹: 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



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- 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

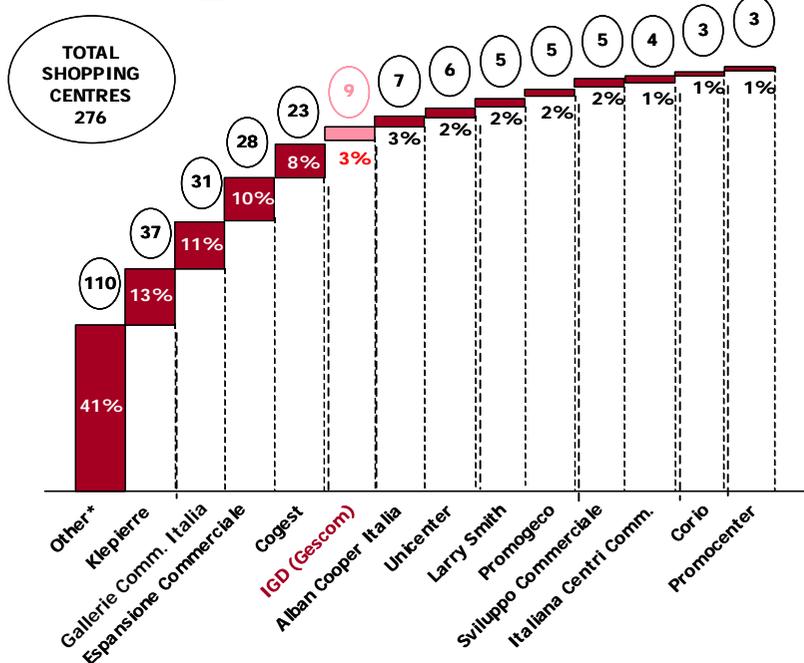
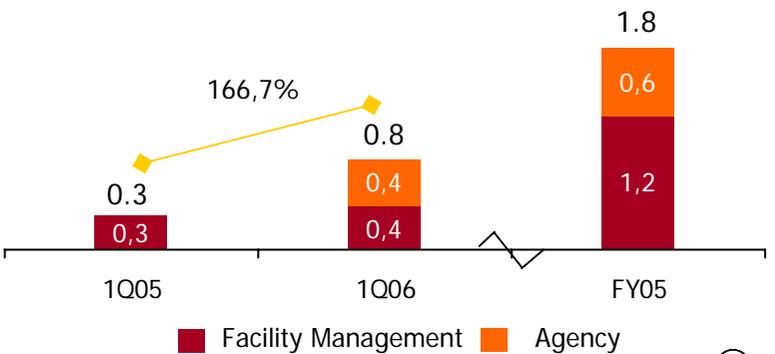
- The **agency** activity includes:
 - Marketing/promotion activity of the shopping centre and management of mall expansion
 - analysis of potential synergies
 - tenant mix definition and screening
 - lease negotiations with shop operators

- 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

- During the first quarter **3 Agency agreements** with third parties were signed made up of **142 news shops** to be managed by Gescom. The relating shopping malls are mainly located in **Southern Italy**

Real estate services revenues (€ m)





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1Q06 FINANCIALS



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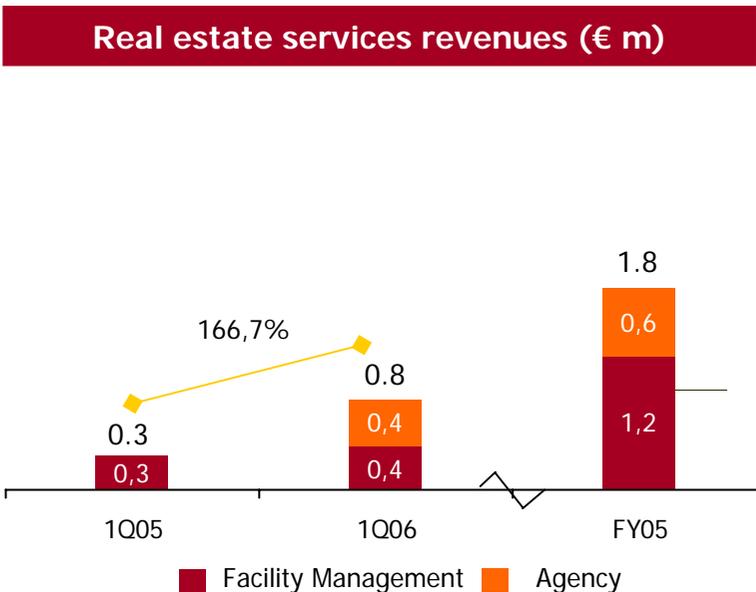
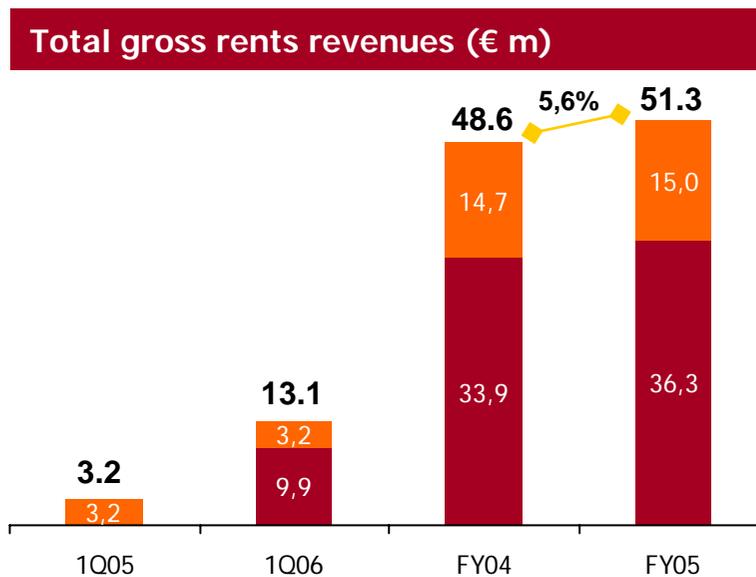
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1Q06 Property Management and Service Activity

PROPERTY MANAGEMENT

- 1Q06 total gross rents compared to 1Q05 includes:
 - **Rimini** hypermarket (acquired in December 2005)
 - Renegotiated lease agreements in **Centro ESP**

- Acquired **4shopping malls' licenses** from **Unicoop Tirreno** and from **Coop Adriatica**:



SERVICE ACTIVITY

- Revenues from **Facility Management** increased following the acquisition of **3 shopping malls' licences** from **Unicoop Tirreno**

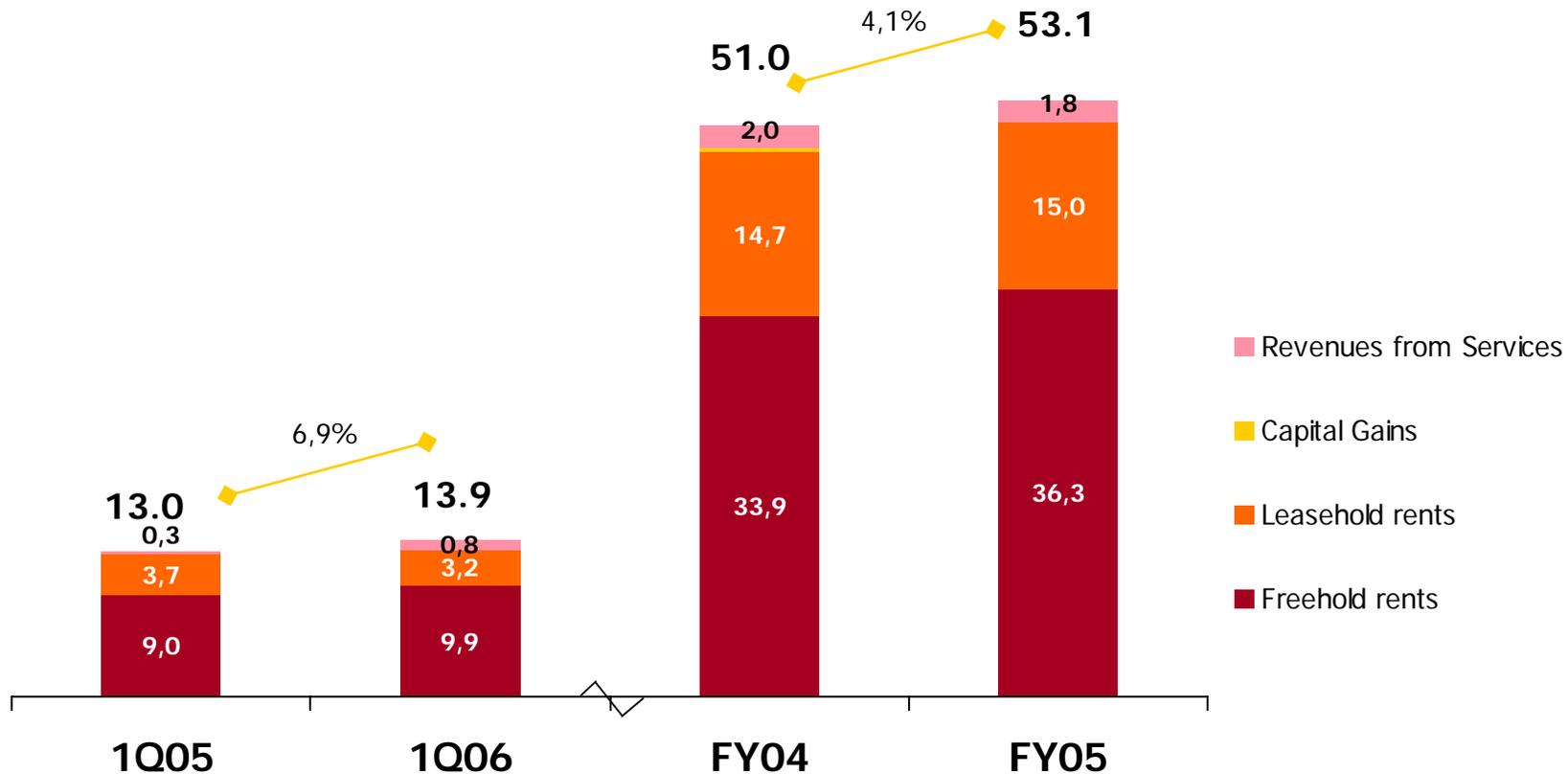




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Revenue growth and breakdown

Revenues (€m)

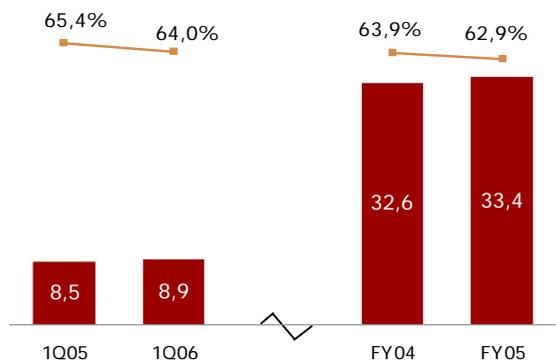




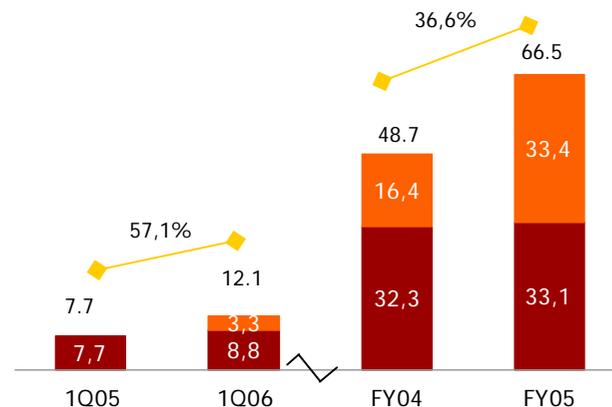
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EBIT, EBITDA & COST RECONCILIATION

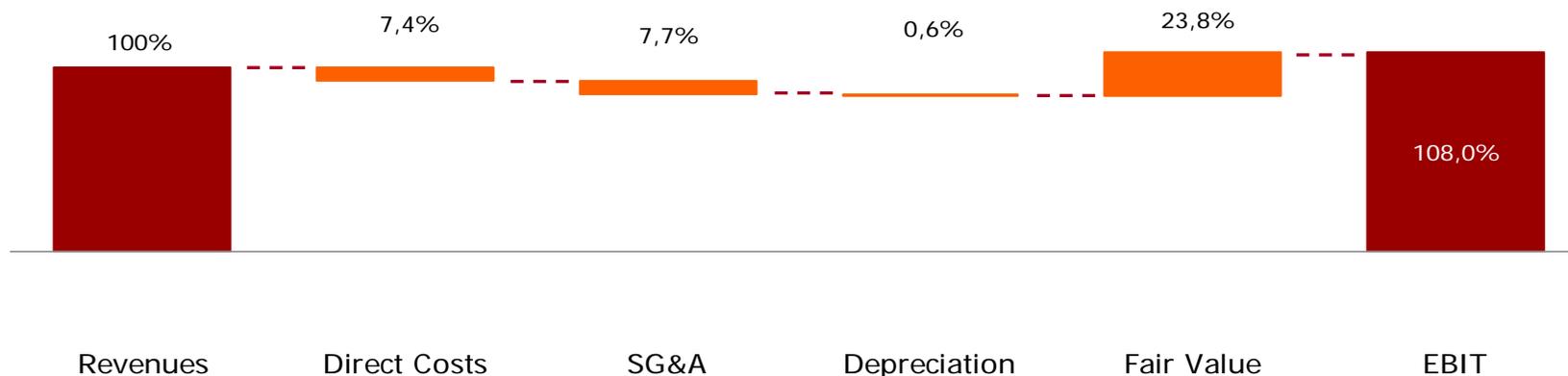
Ebitda and Ebitda Margin (€m)



Ebit (€m)



Cost reconciliation to 1Q2006 EBIT—% of sales

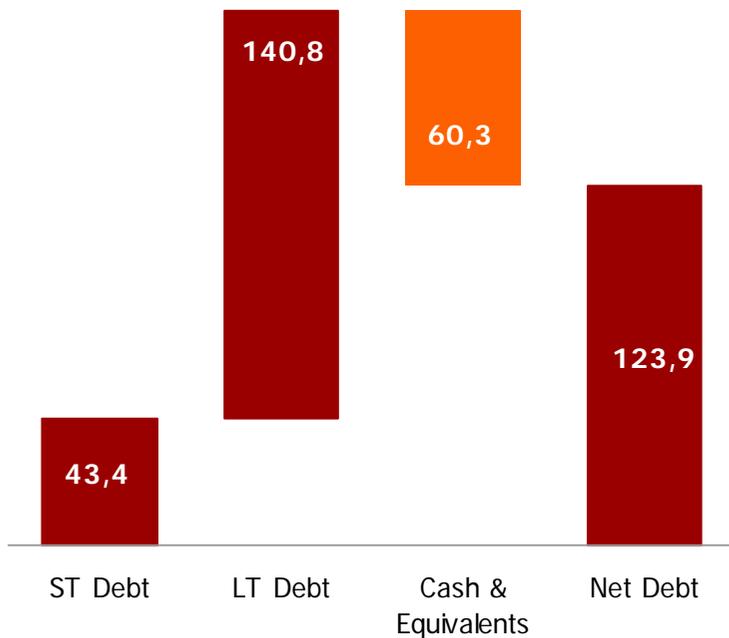




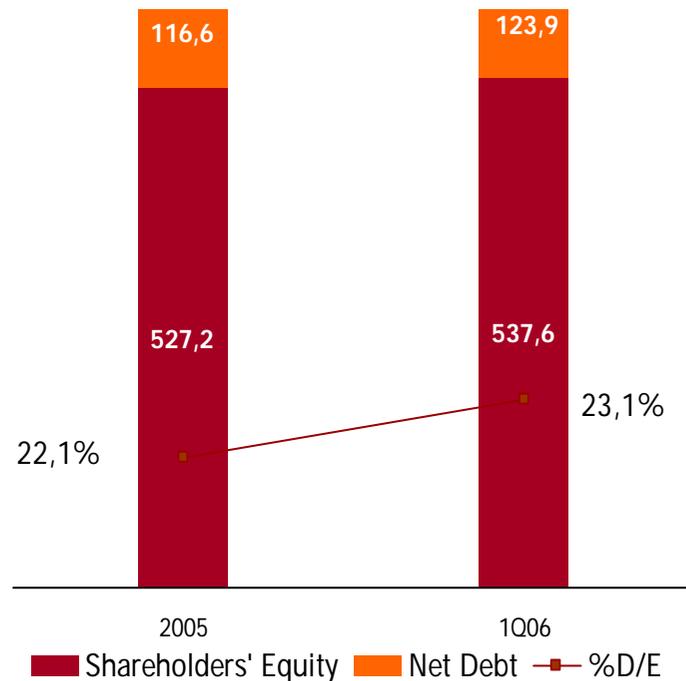
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Capital Structure

Net Debt – March, 31st 2006 (€m)



Total Capitalisation (€m)



Interest Expense

- 100% long term debt is hedged with Interest Rate Swaps at a fixed average rate of 3.59%
- Short term debt refers to Rimini Hypermarket acquisition





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NAV as of march 31 2005

Double Net NAV per Share (€)

Total Portfolio market value - 31 December 2005	646,6
Total Portfolio book value	618,9
Embedded capital gain	27,7
Shareholders' Equity	537,6
NAV	565,3
Estimated Tax on capital gain (37.25%)	-10,3
Net NAV	554,96
Net NAV / share	1,97

- Net NAV includes both direct and indirect costs



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BUSINESS PLAN 2005 - 2010

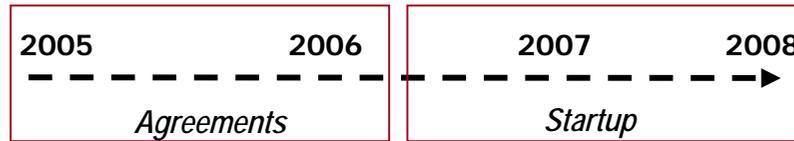


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Development Strategy



- 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





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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)

Disposals

- Centro Leonardo** (Imola) shopping mall expansion to be completed and disposed by 2006 for some € 38m

Costs

- 2008 G&A: 5.0% of revenues

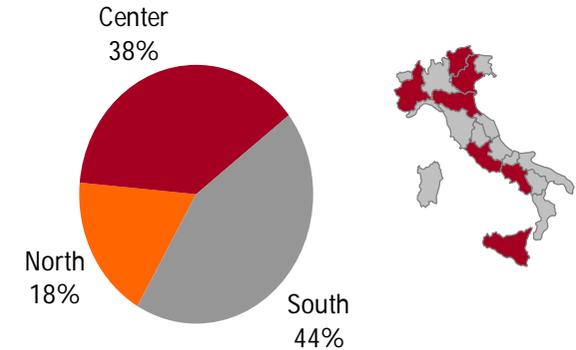
EBITDA

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

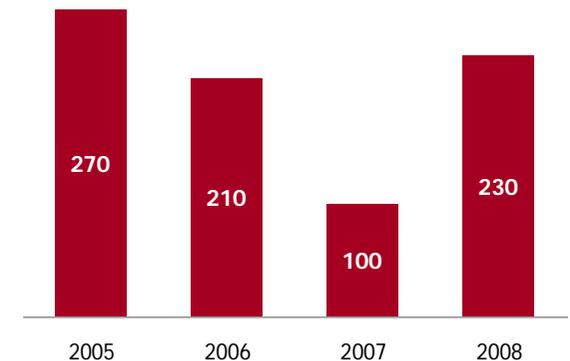
Debt

- Aimed D/E: 60% Debt, 40% Equity
- Debt maturity: 10 – 15 years
- LT debt fully hedged, expected fixed average rate of 4.0%
- Short term debt in the range of 8-10% of total debt (Euribor plus a spread from 0,5% to 0,85%)

Total Capex by region



Total Capex by Year (€ m)

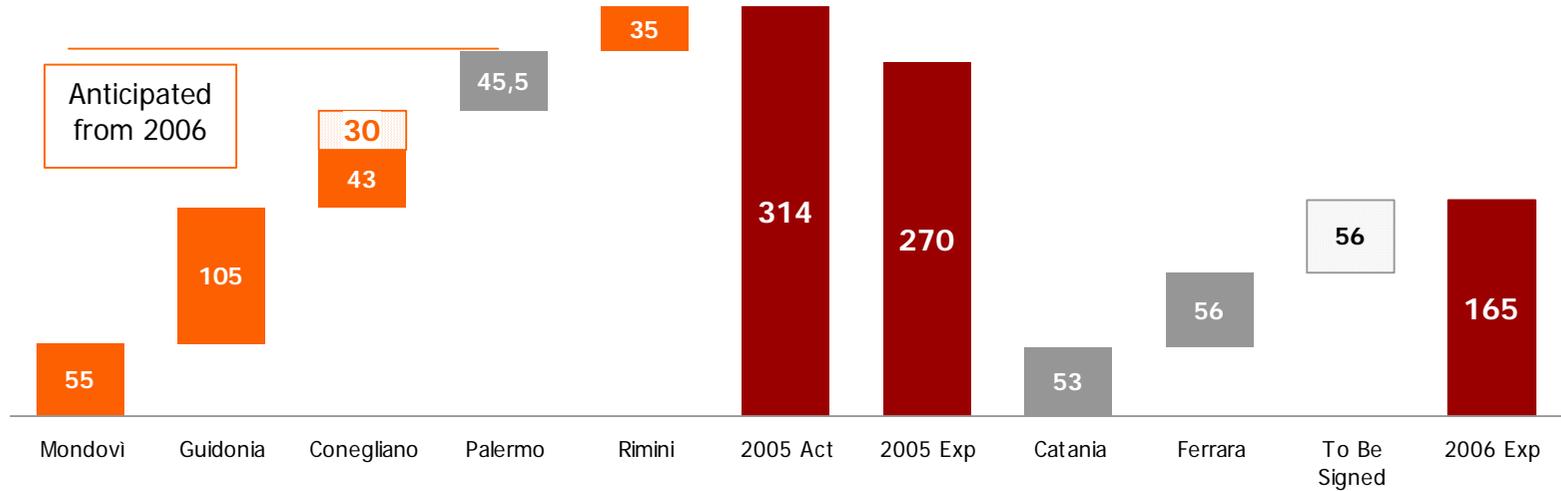




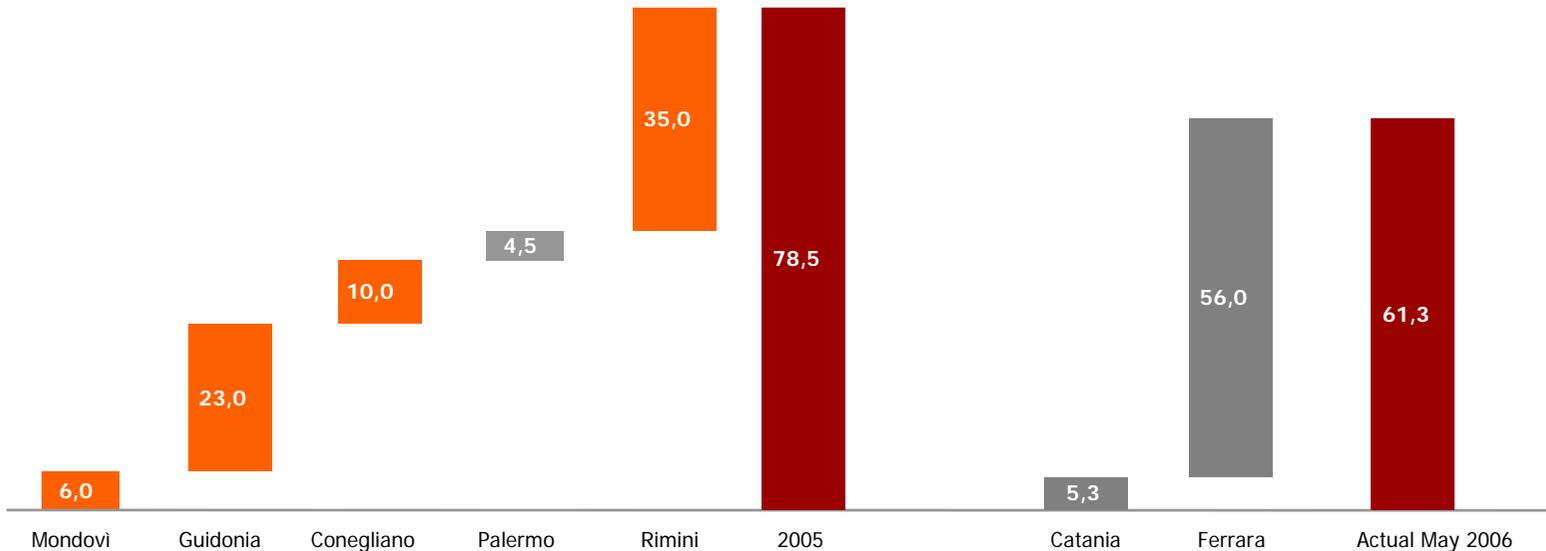
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2005 – 2006 Achievements

Signed Preliminary Agreements (€ m)



Cash-out on signed Preliminary Agreements (€ m)





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To beat the target: evolution of the strategy

As IGD follows the fact evolution of the sector cycle of life the company already started to work on the development of the strategy:

- Diversification
 - Retail Park: under-retailed segment in Italy
 - Service/neighbourhood shopping centre: Darsena City acquisition as the vehicle investment to fully enter this sector

- Partnership with segments specialists

- Italian leadership in Service Activity



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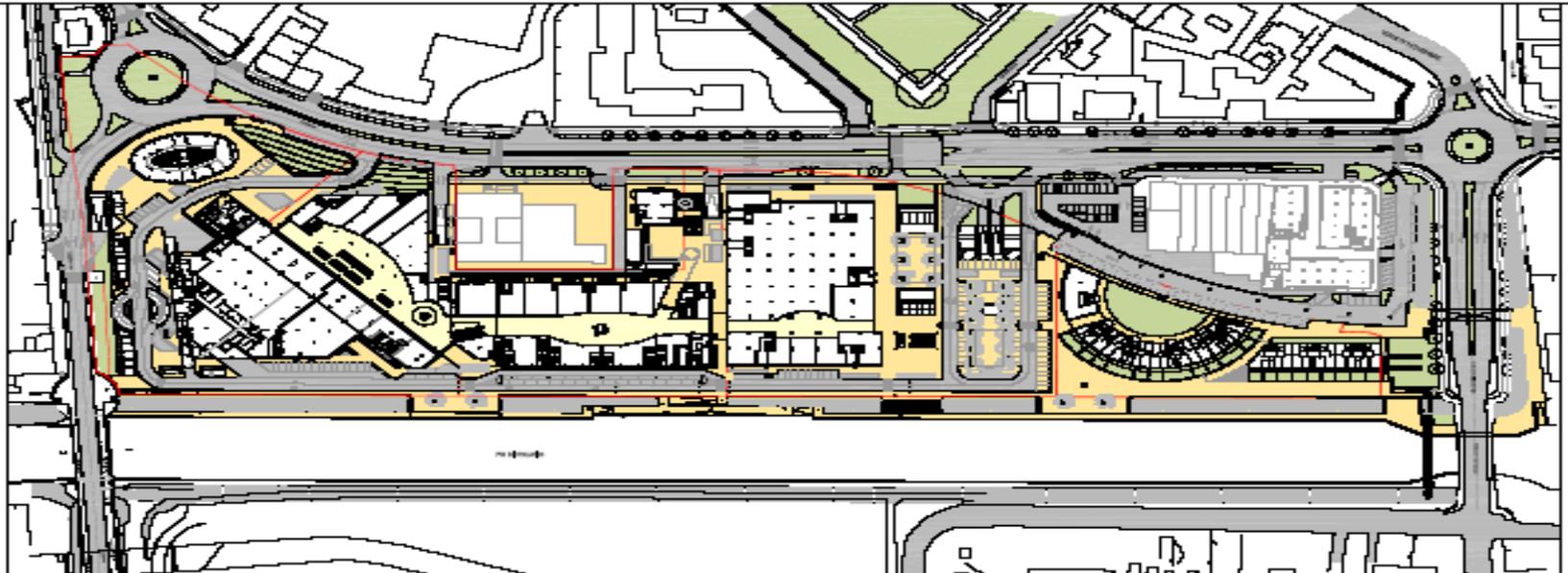
Appendices



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Darsena City - Shopping Center Acquisition

LATEST ACQUISITION





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Darsena City - Shopping Center Acquisition

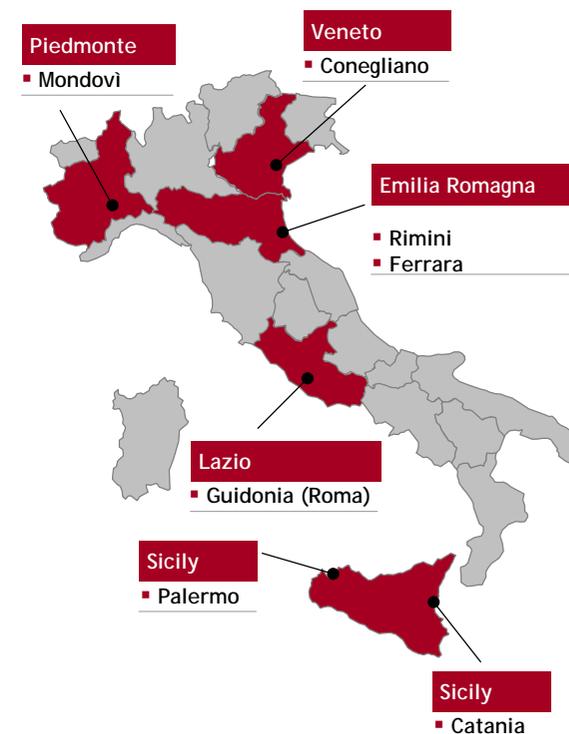
- Acquired the **Darsena City Shopping Centre** in **Ferrara** from Magazzini Darsena S.p.A.
- The shopping centre is located in the historic city centre of Ferrara
- Former industrial area undergoing residential and commercial redevelopment
- A **service/neighbourhood centre**.
- Total surface approximately 47,000 m², **16,368** of which of **GLA**
- "Interspar" (Despar) **supermarket, 34 shops, and a multiplex** (10 screens)
- The agreements includes the signing of a preliminary purchase contract for the **future expansion** – currently under construction –approximately 10,500 m² surface, GLA of approximately 3,960 m²
- **Investment** of € **56** million.
- The whole amount at the time of signature: 40% by IGD funds, the remainder will be borrowed
- For six years IGD does not bear any risk as the promoter is abiding the risk of the whole operations: he pays IGD a fixed rent which ensure a **gross yield of 6,5%**
- In case of success IGD will pay additional money and the yield will remain at the same level



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2005 – 2006 Acquisition Summary

Date	City	Region	Value € m	Land	Hypermt Supermt	Shopping Mall	Retail Park
Apr 05	Mondovi	Piedmonte	39,5 ⁽¹⁾			✓	✓
May 05	Guidonia (Roma)	Lazio	105,0		✓	✓	
Oct 05	Conegliano	Veneto	43,0 ⁽²⁾	✓			
Dec 05	Palermo	Sicily	45,5			✓	
Dec 05	Rimini	Emilia Romagna	35,0		✓		
Jan 06	Catania	Sicily	53,0			✓	
May 06	Ferrara	Emilia Romagna	56,0		✓	✓	



(1) The Preliminary agreement amount refers to the property housing the retail park and the company which owns the mall. As a consequence the value of the investment is higher and amounts to approximately Euro 55 m
 (2) The Preliminary agreement amount refers only to the land value. The final value of the investment (relating to both the land and the shopping center) will be of approximately Euro 73 m. The works completion date refers to the opening of the shopping center



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Acquisition Summary cont'd

Location		Land Area <i>smq</i>	Hypermarket		Shopping Mall		Retail Park		Works	
City	Region		Brand	Sel. Area <i>smq</i>	Shops <i>N°</i>	GLA <i>smq</i>	Shops <i>N°</i>	GLA <i>smq</i>	Starting	Completion
Mondovi	Piedmonte		Coop Liguria	7.500		6.800	5 10.000	1H 2006	1H 2008	
Guidonia (Roma)	Lazio		UniCoop Tirreno	8.500	120	25.000		2H 2005	2H 2007	
Conegliano	Veneto	82.000	Coop Adriatica						2H 2008	
Palermo	Sicily		IperCoop Sicilia	8.500	52	14.000		1H 2007	2H 2008	
Rimini	Emilia Romagna		Coop Adriatica	19.398 ⁽³⁾					03-dic-05	
Catania	Sicily		IperCoop Sicilia	8.000	57 + 6 med size	14.919		2H 2006	2H 2008	
Ferrara	Emilia Romagna		Interspar		34	16.368				

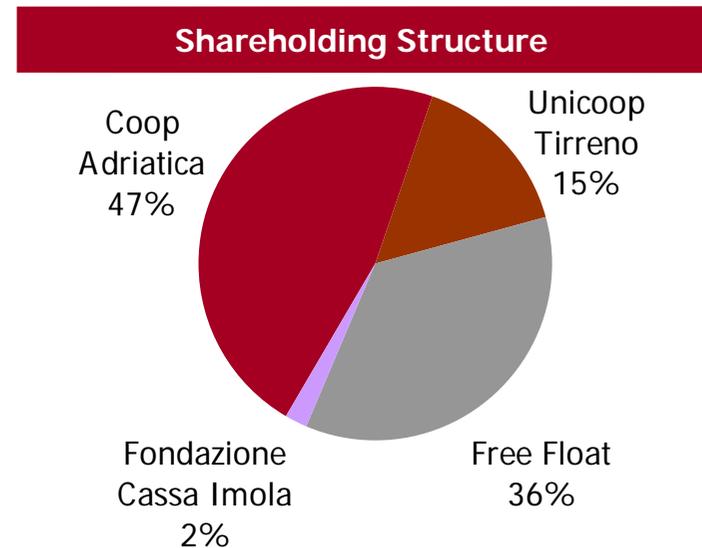
(3) The Preliminary agreement refers to the acquisition of a hypermarket and two two medium sized surface areas inside the Malatesta shopping center in Rimini.



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Corporate Governance

- **Board of Directors:** 15 members, of which 9 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...)





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Balance Sheet

€ m	1Q06	FY05
Intangible Fixed Assets	2,9	2,9
Tangible Fixed Assets	678,4	661,5
Total Fixed Assets	681,3	664,4
Inventory	20,8	14,0
Receivables	7,4	7,7
Other receivables	8,6	13,1
Payables	(14,5)	(10,0)
Other payables	(23,0)	(26,6)
Net Working Capital	(0,7)	(1,8)
Long term payables	(19,1)	(18,8)
Invested Capital	661,5	643,8
<i>Funded by:</i>		
Shareholder's Equity	537,6	527,2
Cash and Equivalents	60,3	61,0
ST Financial Debts	(43,4)	(37,8)
Long Term Financial Debt	(140,8)	(139,8)
NFP	(123,9)	(116,6)
Total Sources of funding	661,5	643,8

Income Statement

€ m	1Q05	1Q06	Var %	FY05
Rents from Freehold Properties	9,0	9,9	10,0%	36,3
Rents from Leasehold Properties	3,7	3,2	-13,5%	15,0
Revenues from Services	0,3	0,8	166,7%	1,8
Revenues from Sales	-	-		-
Total Revenues	13,0	13,9	6,9%	53,1
Direct Costs	(4,0)	(3,9)	-2,5%	(16,6)
<i>of which passive rents</i>	<i>(3,2)</i>	<i>(2,9)</i>	-9,4%	<i>(13,2)</i>
SG&A	(0,5)	(1,1)	120,0%	(3,3)
EBITDA	8,5	8,9	4,7%	33,2
EBITDA %	65,4%	64,0%		62,5%
Depreciation	(0,1)	(0,1)		(0,3)
Fair Value Change	(0,8)	3,30	-540,0%	33,4
EBIT	7,7	12,1	58,0%	66,3
Net Financial income/(charges)	(1,5)	(1,1)	-26,7%	(3,8)
Profit Before Tax	6,2	11,0	78,6%	62,5