STAR Conference

London
September, 28th 2006

Agenda

- RETAIL REAL ESTATE MARKET
- BUSINESS MODEL
- INVESTMENTS
- VALUE DRIVERS AND STOCK PRICE
- 1H FINANCIAL RESULTS
- APPENDICES

RETAIL REAL ESTATE MARKET

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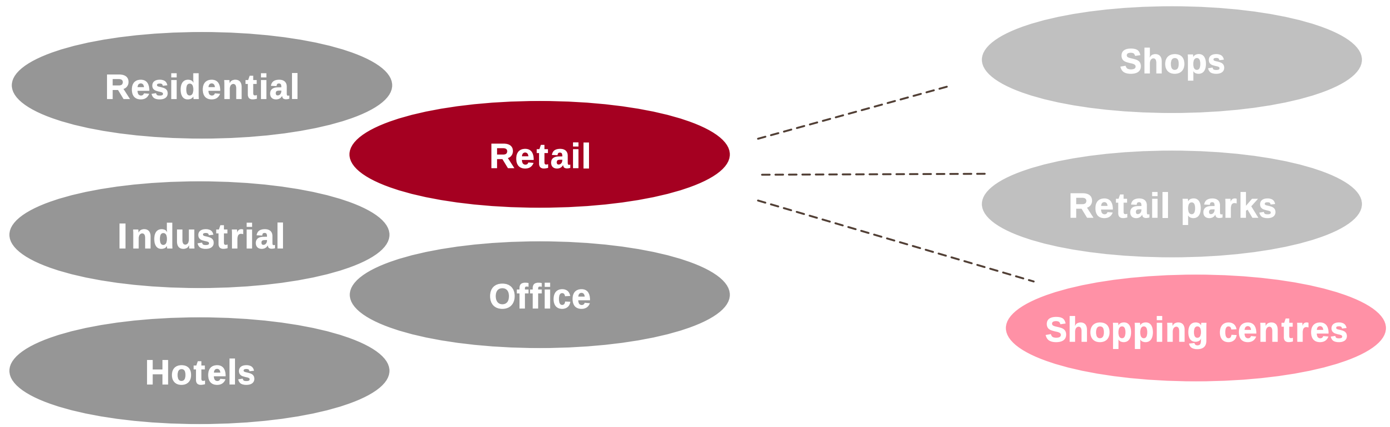
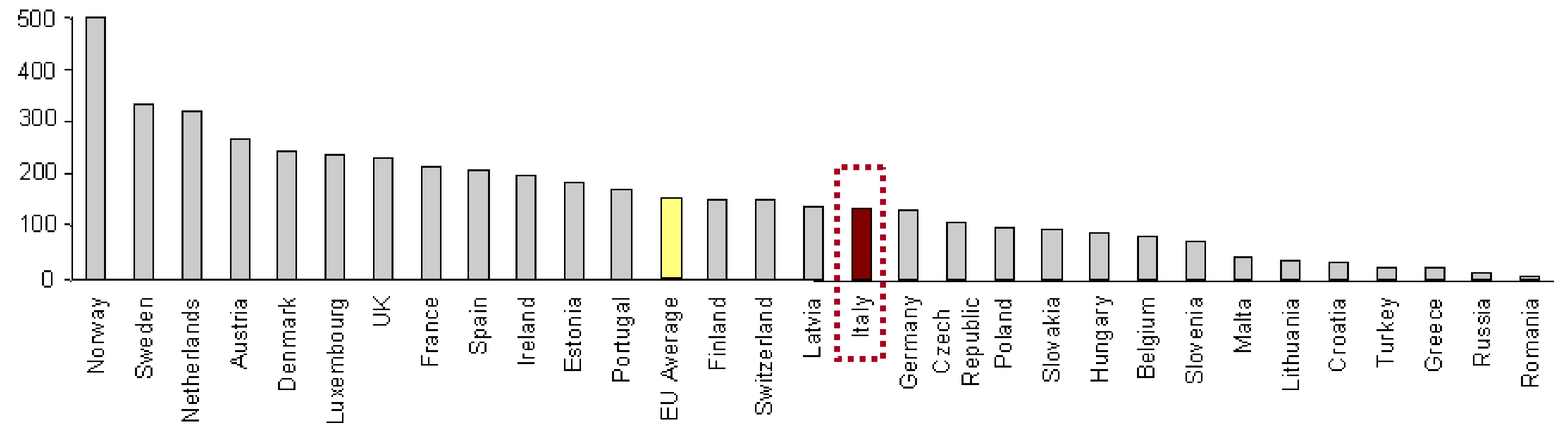
Italian Real Estate Market



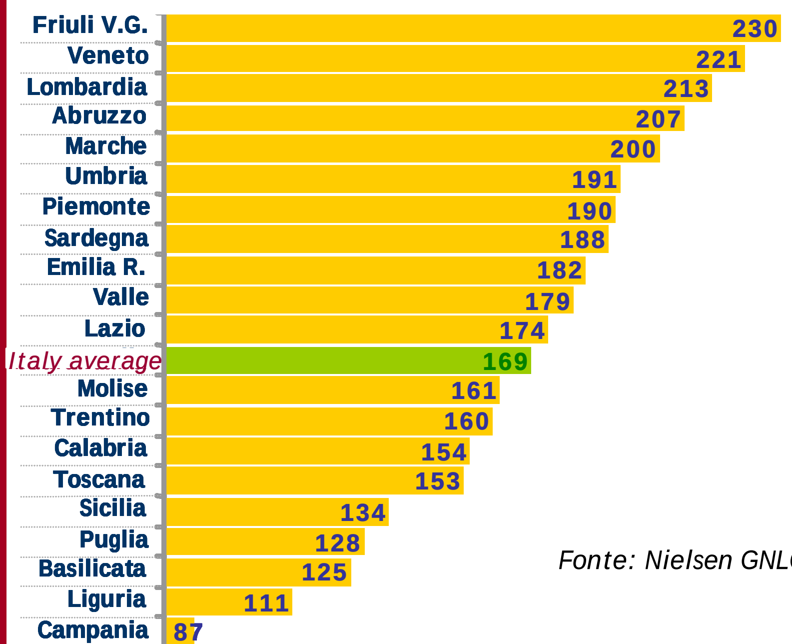
Typical Italian Shopping Centre Lay Out

Italian retail real estate market

Shopping Centre Supply (m2 per ‘000 Inhabitants)



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

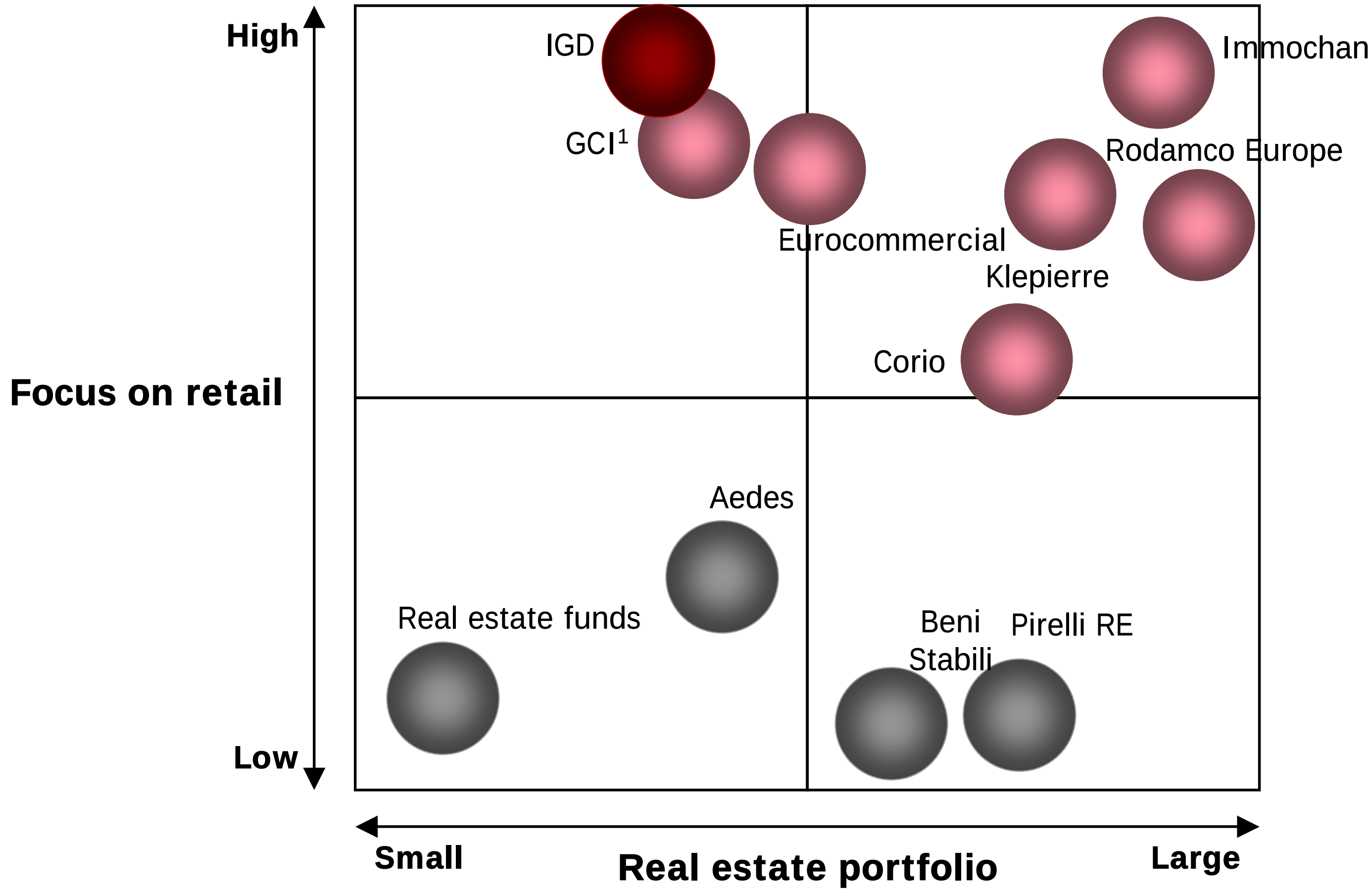


Fonte: Nielsen GNLC

- **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

RETAIL REAL ESTATE MARKET

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)

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BUSINESS MODEL

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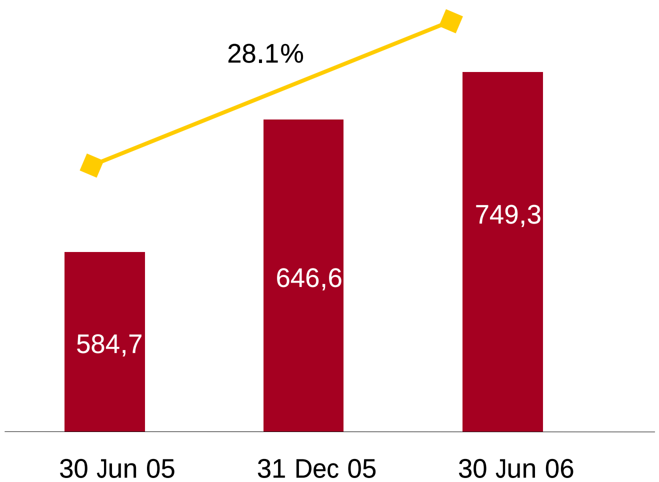
Property management - igd immobiliare grande distribuzione

- 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 – geographical distribution

Emilia Romagna
- 3 shopping centres (2 hyper 1 superstore + mall with 108 shops)
- 4 hyper
- 1 supermarket with 1 shop
- 2 plots of land*

Toscana
- 1 shopping centre (hyper + mall with 65 shops)

Marche
- 1 shopping centre (hyper + mall with 36 shops)
- 2 hyper
- 1 shop
- 2 offices

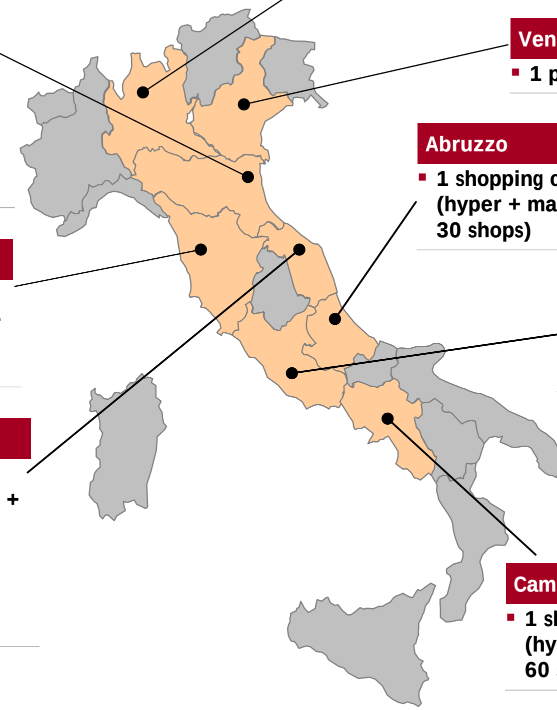
Lombardia
- 1 shopping mall

Veneto
- 1 plot of land

Abruzzo
- 1 shopping centre (hyper + mall with 30 shops)

Lazio
- 1 shopping centre (hyper + mall with 23 shops)

Campania
- 1 shopping centre (hyper + mall with 60 shops)



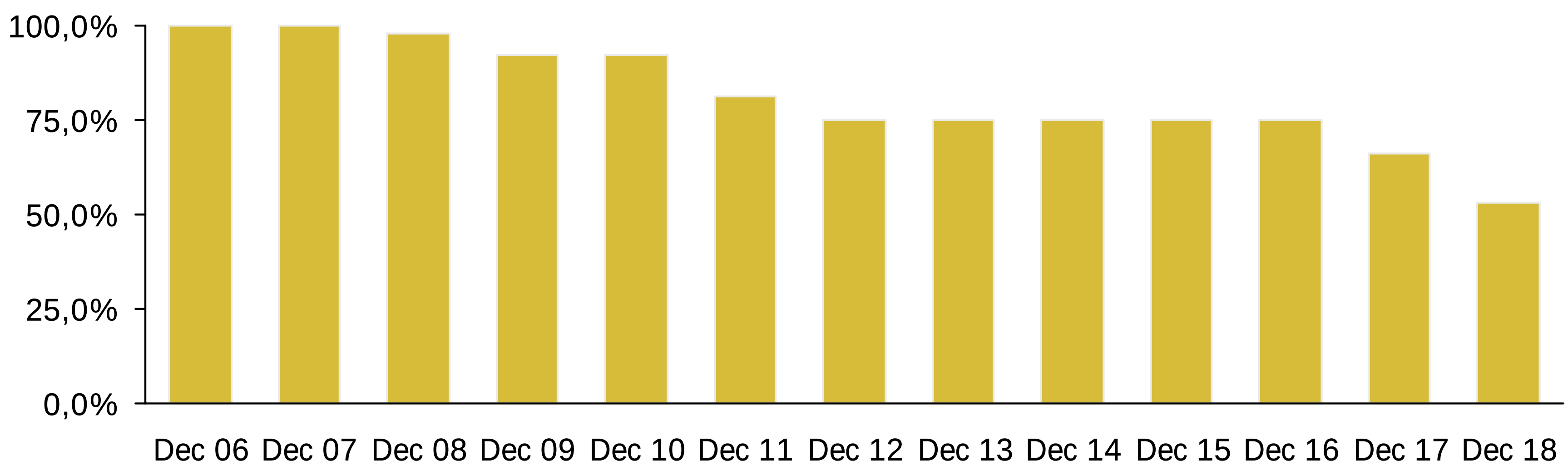
- 9 Shopping Malls
- 13 Hypermarkets
- 1 Superstore
- 1 Supermarket
- 3 Plots of land

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

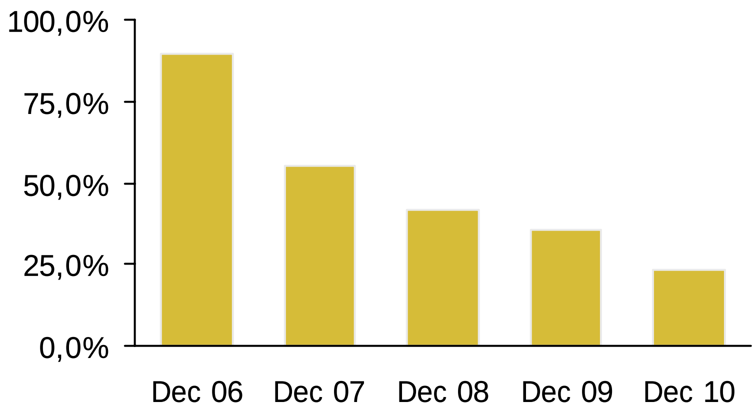


Shopping malls: lease terms and tenant mix

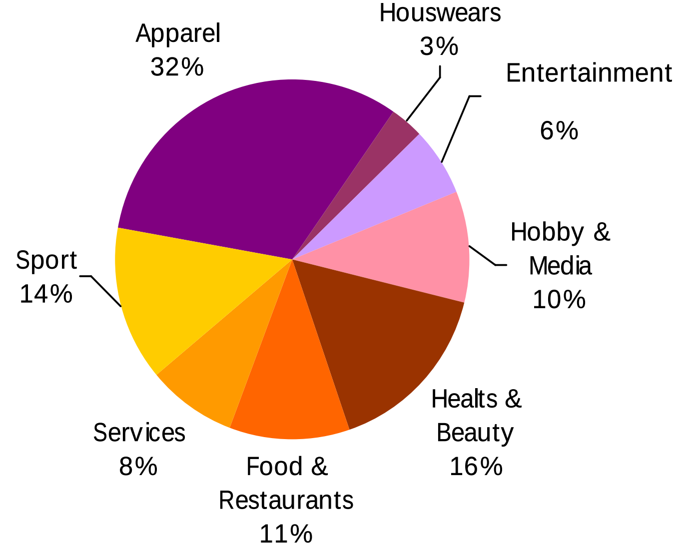
Main lease terms:

- 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

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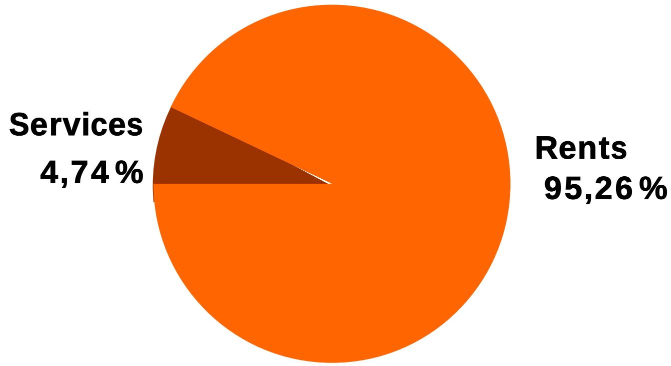
Real estate services - gescom

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 1H06 revenues breakdown



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INVESTMENTS

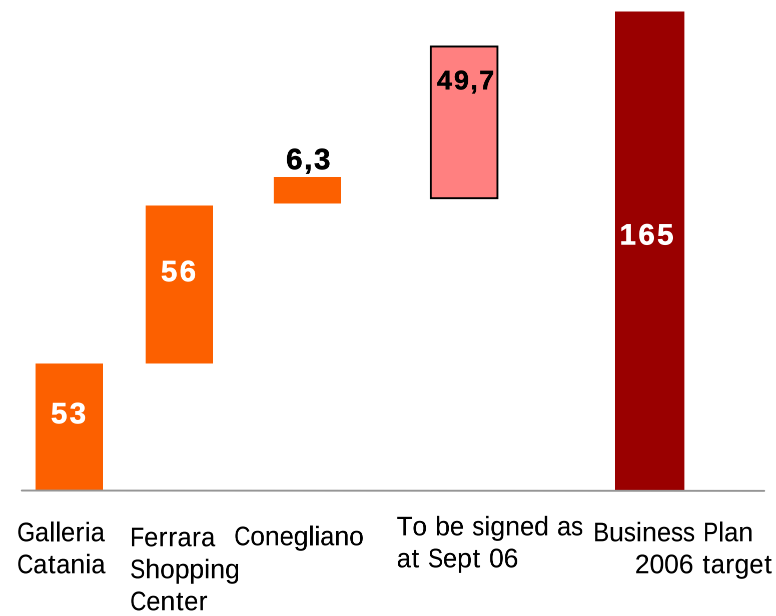
Investments

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 m;
  - 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 m
  - 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 € 6.3 m
  - 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

1H 2006 Investments (€m)



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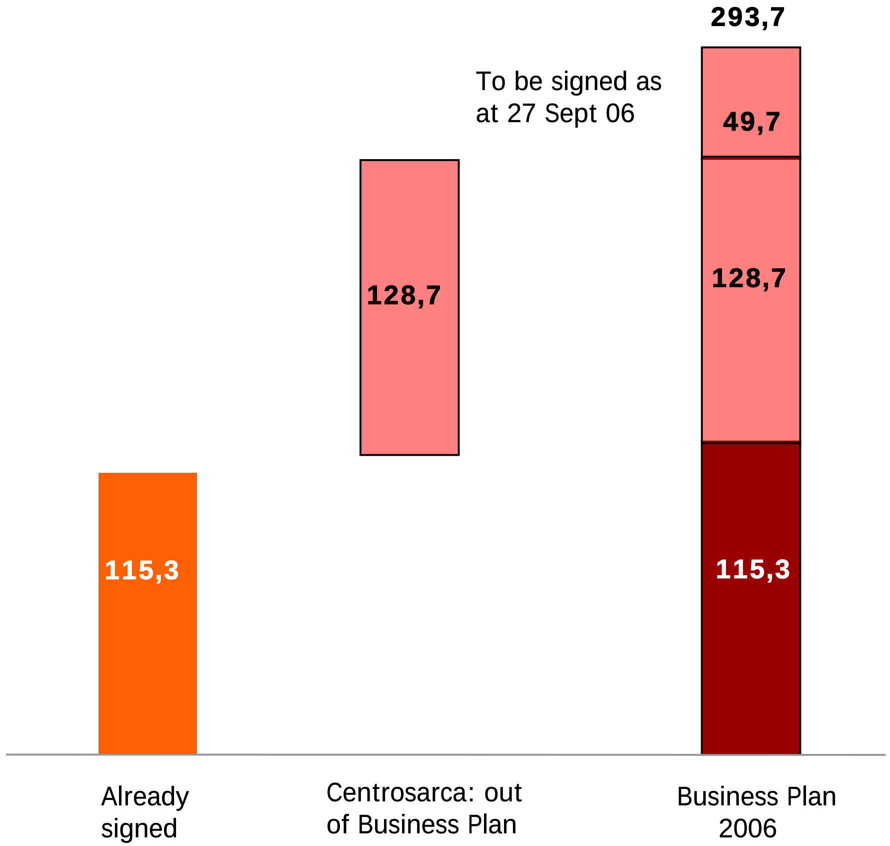
Investments

Investments undertaken after 1H06

- **Centrosarca Shopping Mall (Milan)**
  - On July 26th a shopping mall hosting 80 shops, 7 of which medium size surfaces, was bought for € 128.75 mln and it was not included in the € 810 mln business plan:
  - Coop Lombardia sold to Igd instead of national and international competitors for:
    - Igd investment and management skills;
    - Igd and Coop system relationship.
  - A very strategic investment:
    - Coop Lombardia
    - Milan Market
    - High increase in shops managed by Gescom (critical mass)

2H 2006 Investments (€m)



INVESTMENTS

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VALUE DRIVERS, BUSINESS PLAN and STOCK PRICE

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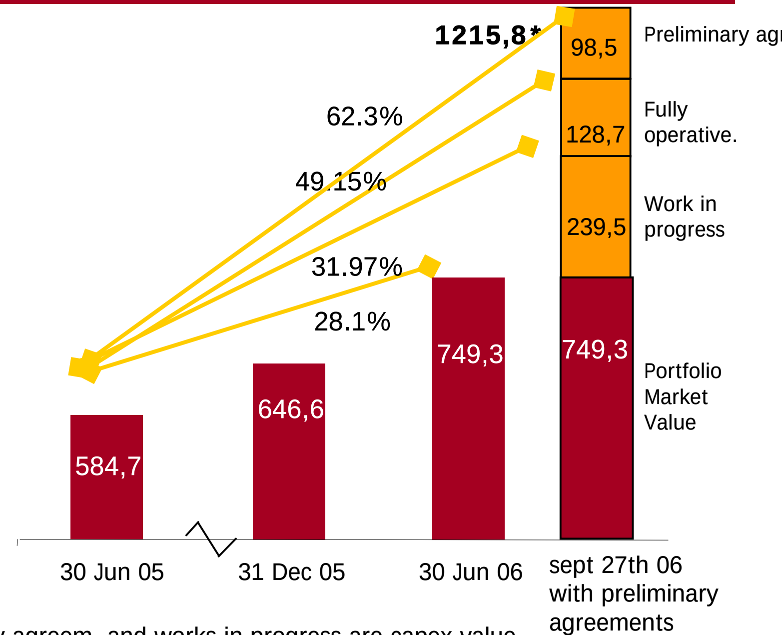
Value creation through growth and portfolio management

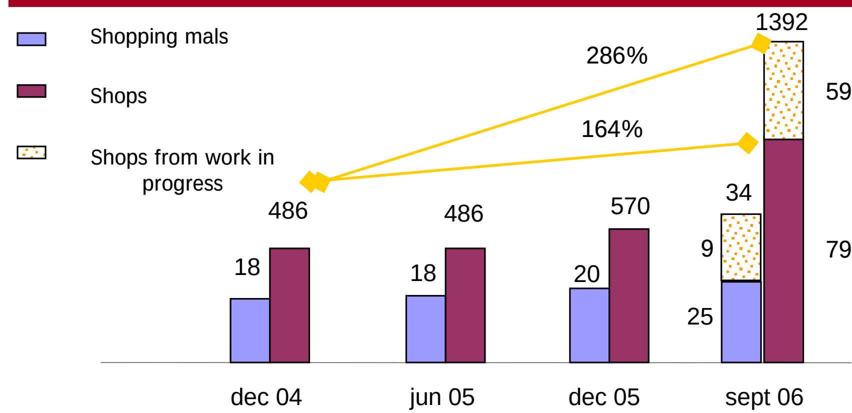
- **Growth** is the first value drivers in Igd
- **Focus on the South** but capability to get good opportunities in Northern Italy: 65% of realized Igd growth
- **Strong visibility** on the pipeline
- **Out of Business Plan Investment**
- Igd competitive hedge vs competitors: **direct management** of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

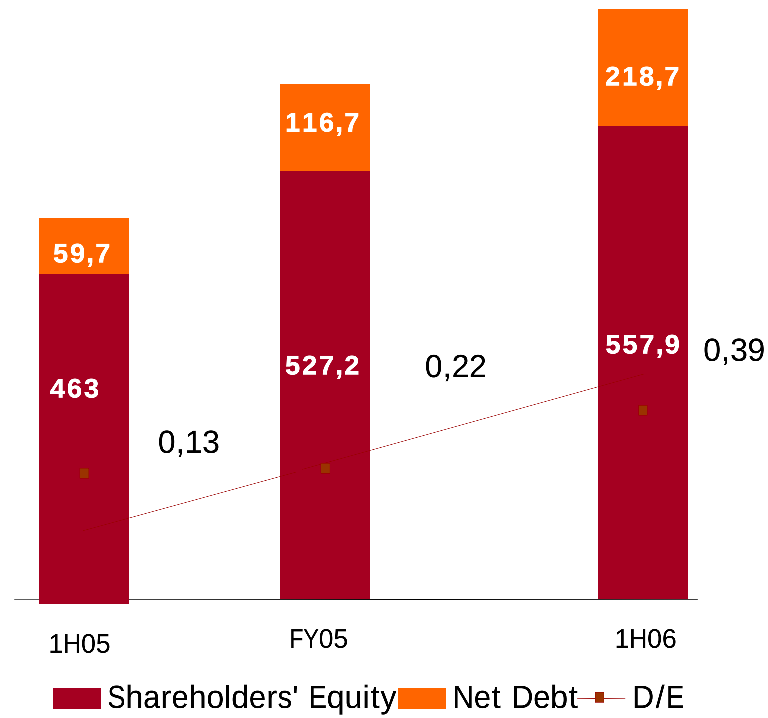
Sh. Malls and Points of sales managed



Value Creation through the Financial Structure

- **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% on the outstanding debt
  - Low interest rate risk: variable rates hedged by IRS

Total Capitalisation (€m)



Business Plan: Development Strategy

2005 — 2006: *Agreements*

2007 — 2008: *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

VALUE DRIVERS, BUSINESS PLAN AND STOCK PRICE

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)

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

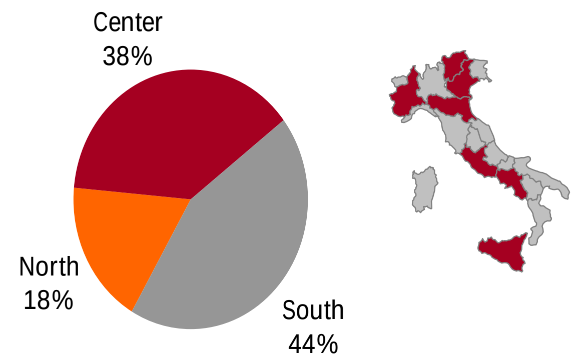
EBITDA

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

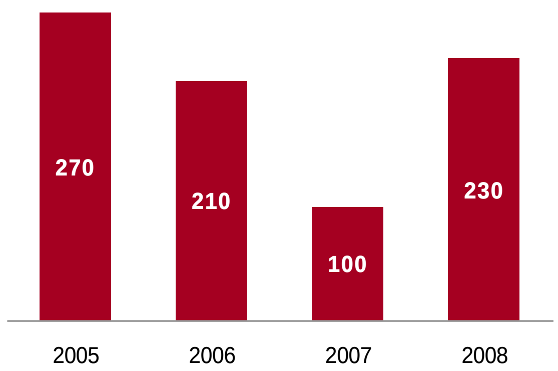
Debt

- 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 form 0,5% to 0,85%

Total Capex by region



Total Capex by Year (€ m)



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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:

- Diversification
  - Retail Park: under-retailed segment in Italy
  - Service/neighbourhood shopping centre: Darsena City acquisition as the vehicle investment to fully enter this sector
  - Already operative Shopping Centres with lower cap rates but higher opportunity to grow through management
- Partnership with developers
- Italian leadership in Service Activity

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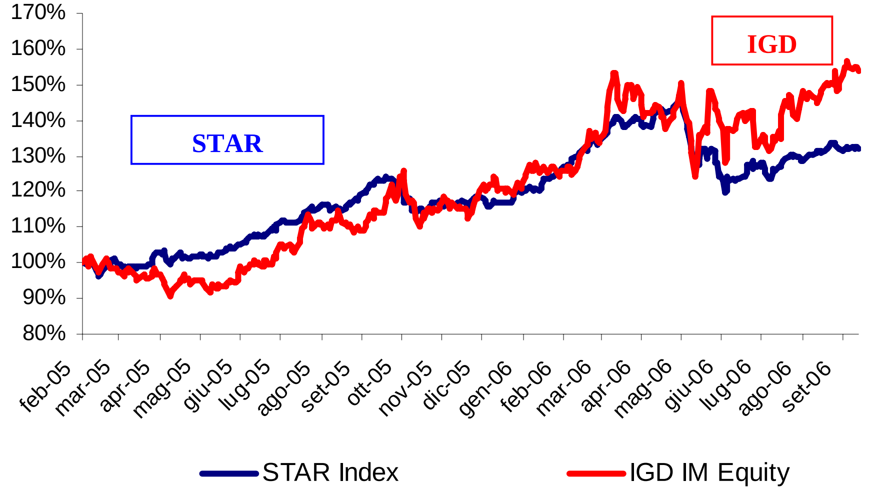
VALUE DRIVERS, BUSINESS PLAN AND STOCK PRICE

Stock performance: capital market endorsement

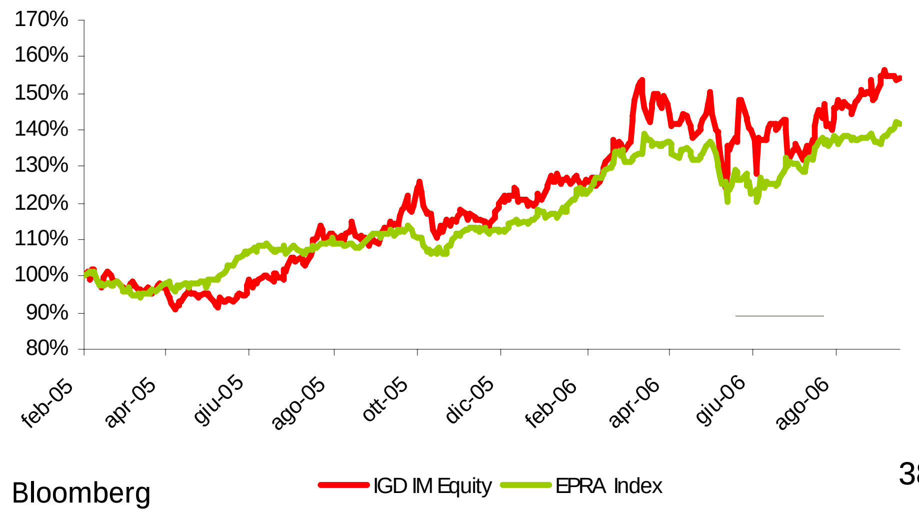
IGD stock beat the comparables as the market understood value created through:

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

IGD vs STAR



IGD vs EPRA Euro Zone



Source: Bloomberg

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1H 2006 FINANCIALS

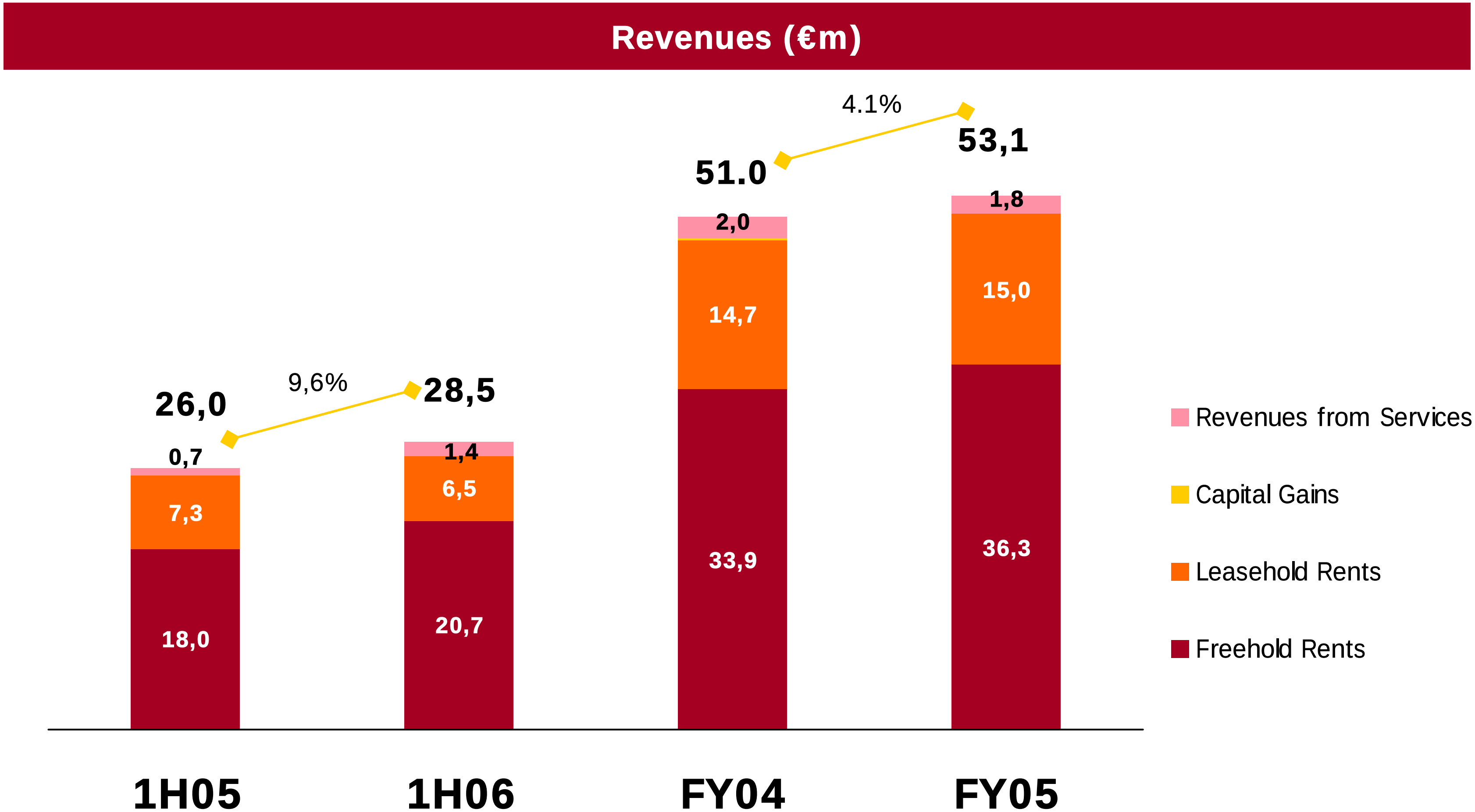
1H2006 Financial Highlights

- **Increase in Total Revenues** for the acquisition of the already operative shopping centres of Rimini and Ferrara
- **EBITDA**: increase for the combined effect of revenues increase and cost reduction
- **EBIT**: high fair value impact
- **TAX**: low impact of the new law as:
  - 1% tax on rents (0,5% paid by tenants)
  - 4% Imposta di registro e catastale (indirect) tax on new acquisition with low impact
    - Normally IGD buys the property and licences
    - IGD manages its properties so the effect can be spread over a long period

IGD's 1H06 Highlights

Total Revenues	€ 28.5 mln
EBITDA	€ 18.3 mln
EBIT	€ 57,7 mln
Fair Value	€ 39,9 mln
Net Profit	€ 32.8 mln

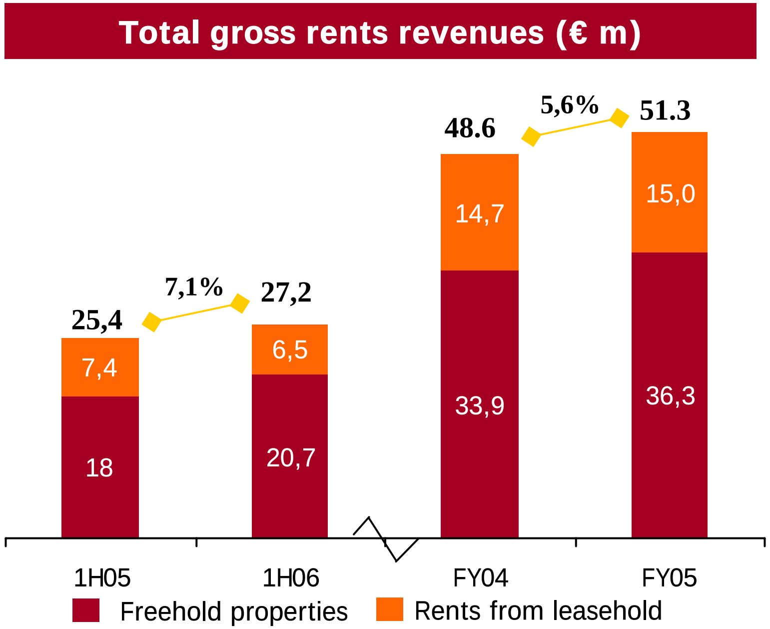
Revenue growth and breakdown



Existing Portfolio

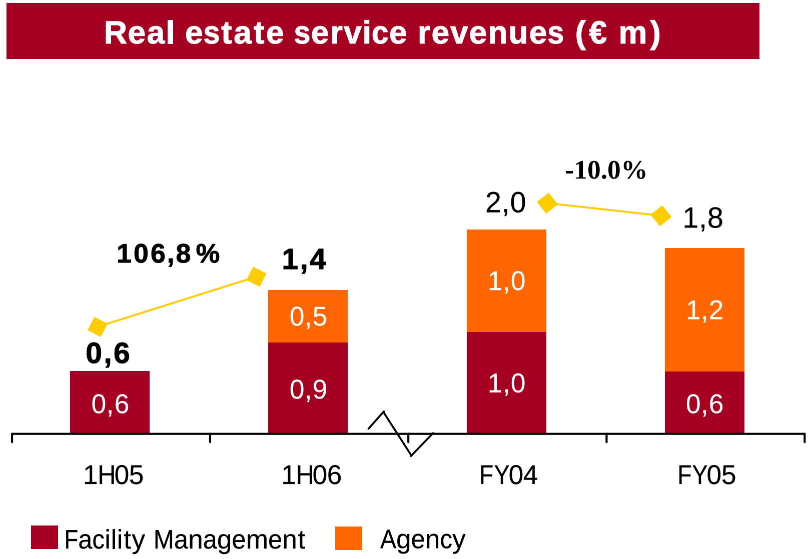
Property management

- Revenues from **freehold properties** increased of 14,98%
- Revenues from **leasehold properties** decreased of 12,19%



Service activity

- Revenues from **facility management** increased of 39,26%
- Revenues from **agency** are mostly due to *Minganti shopping centre*



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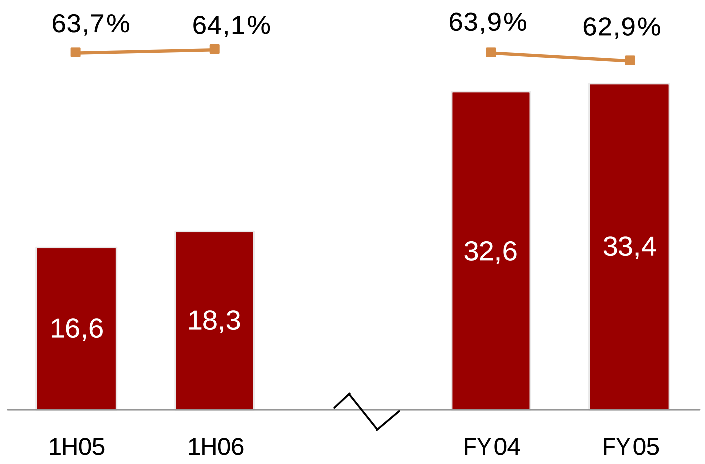
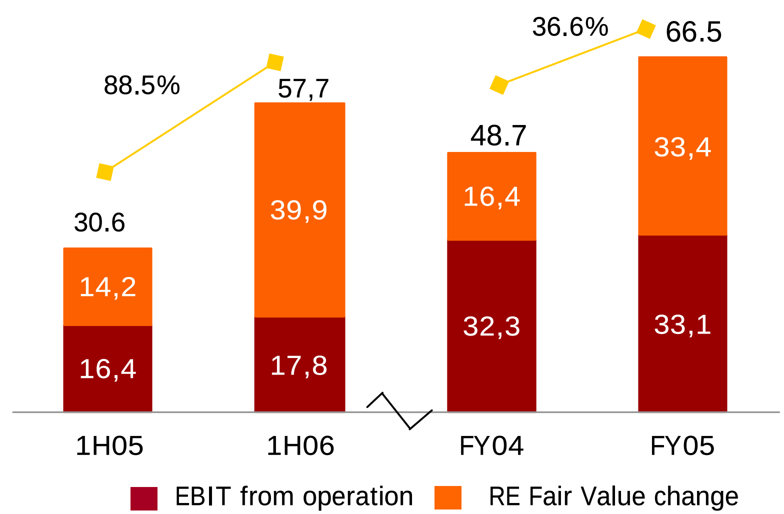
EBITDA and EBIT Trend

1H06 FINANCIALS

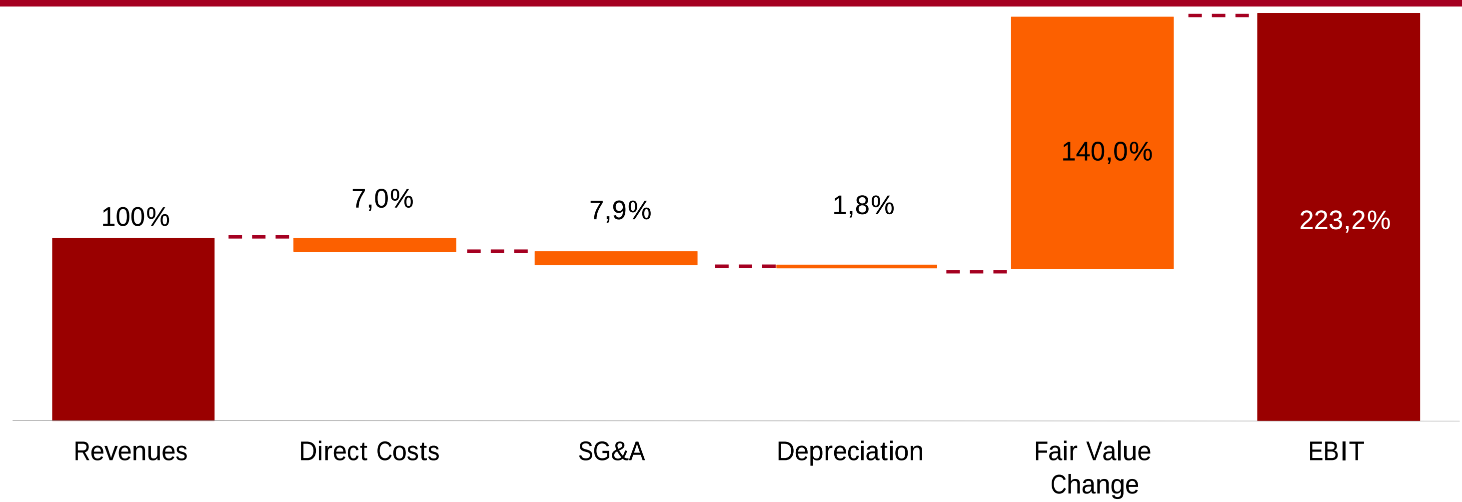
EBITDA (€m) and EBITDA margin (%)



EBIT (€m)

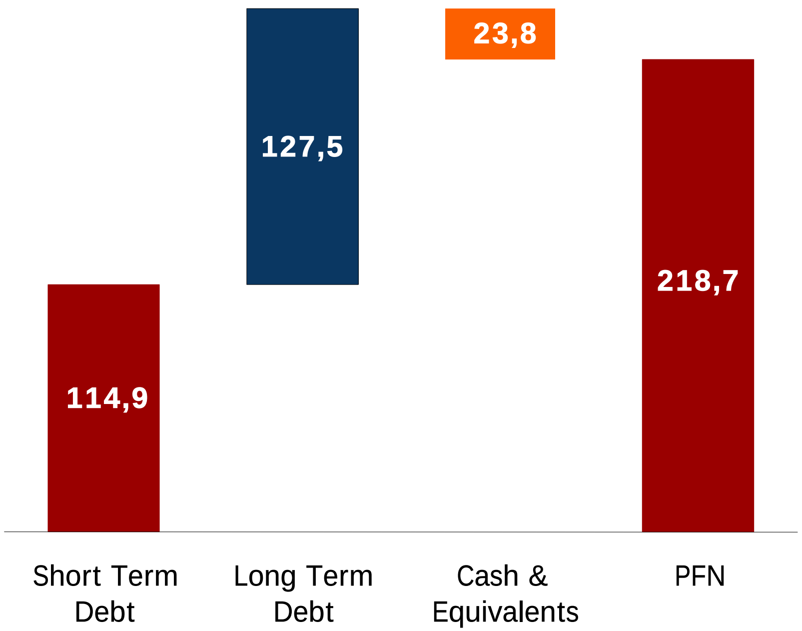


Cost reconciliation to 1H2006 EBIT (pre-passive rents) —% of sales

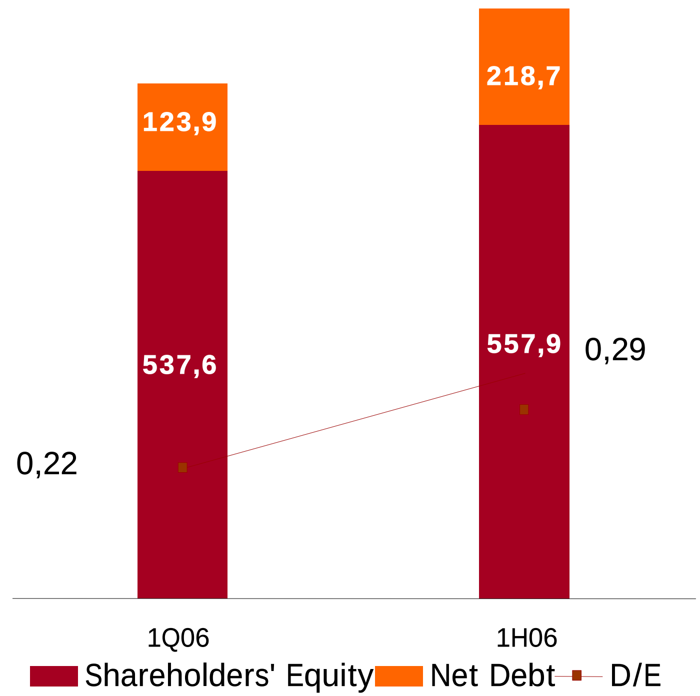


Capital Structure

Net Debt – 30 June 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 is due to new investment financing while waiting to convert it into long term debt
- On August Rimini long term financing was undertaken:
  - Cost: Euribor + 0,4%
  - IRS hedge: 3,84%

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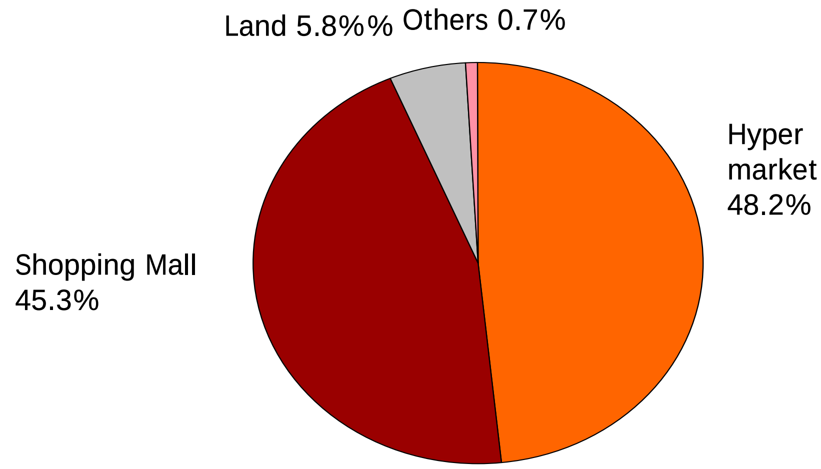
Increase in Portfolio Value

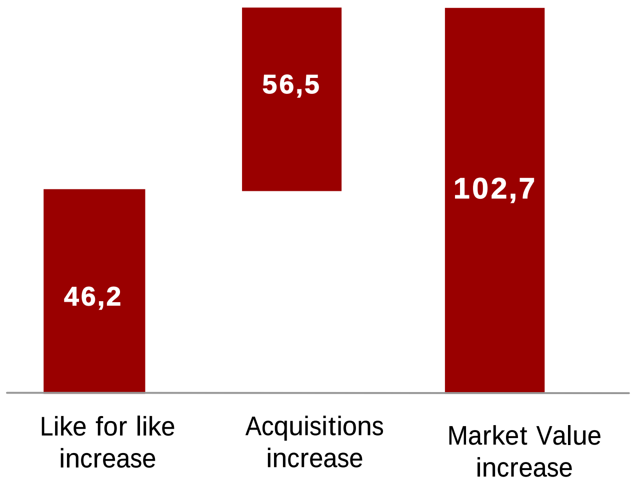
- **Market value** of IGD freehold properties is **€ 749.3 m** as of June 06 (CB Richard Ellis)

- 1H change in fair value was affected by:
  - **Exit Cap Rates decrease**
    - improvements of the existing portfolio
    - market trend
  - **Acquisition of a hypermarket in Ferrara**

Igd's Freehold Properties fair value (€ m) breakdown



Igd's Market Value increase breakdown



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1H06 FINANCIALS

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

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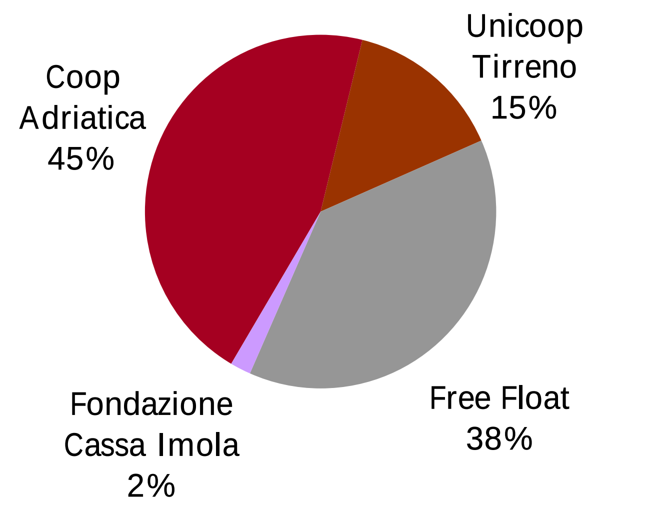
Appendices

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



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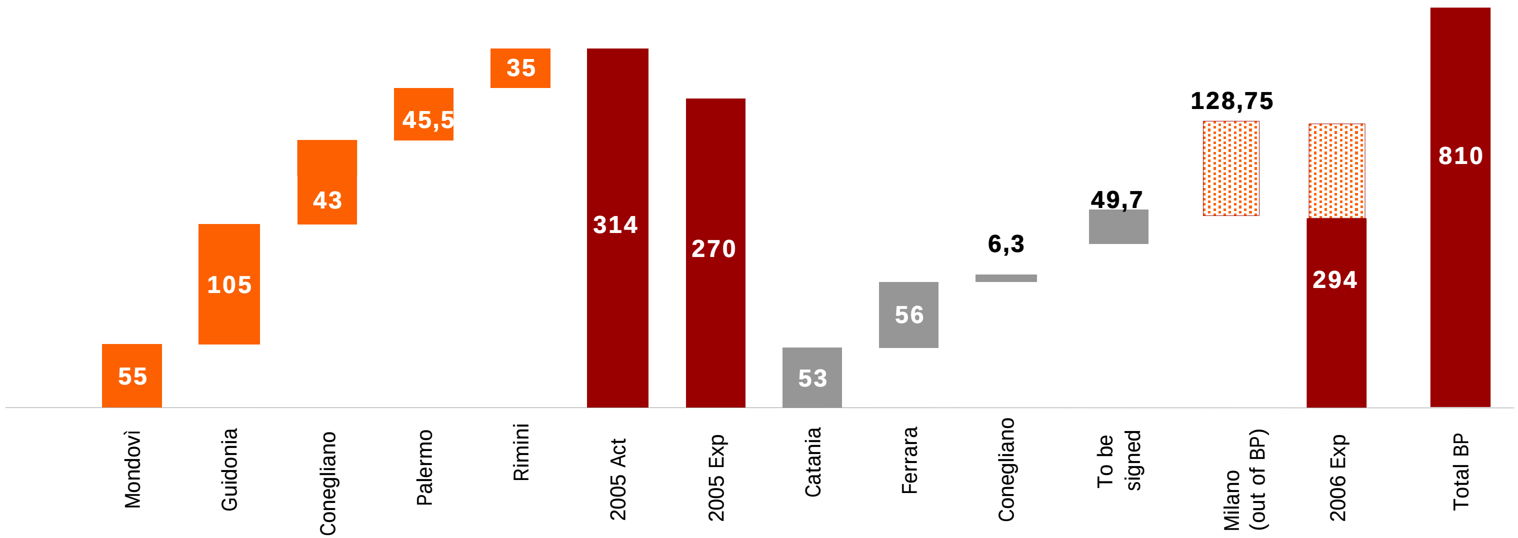
Centrosarca – Out of Business Plan Shopping Mall Acquisition

Centrosarca – Out of Business Plan Shopping Mall Acquisition

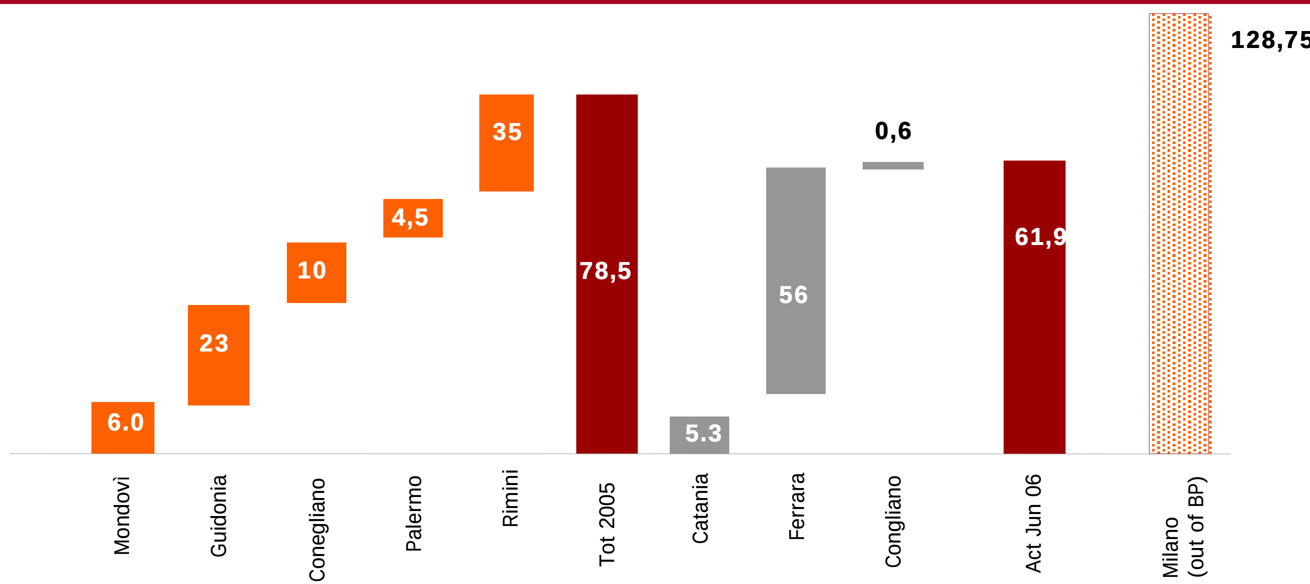
- Acquired the **Shopping Mall** in **Milan** from Coop Lombardia thanks to the relationship with Coop System
- The shopping centre is located in the city of Milan with a strong potential in terms of clients situated in a zone with an high concentration of inhabitants
- 8,000 sqm Hypermarket (Coop Lombardia) surface, 22,270 sqm of **GLA**
- **73 shops, and 7 medium size surface shops**
- **Investment** of € **128,75** million.
- Totally financed through Debt
- **Out of Business Plan** investment which foresees an € 810 m capex in 2005-2008 period

Achievements and relative cashout

Signed Agreements (€ m)



Cash-out on signed Agreements (€ m)



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Consolidated Balance Sheet

€ m	1H06	FY05
Intagible Assets	2,6	2,9
Tangible Assets	775,4	661,5
Total Assets	**778,0**	**664,4**
Inventories	25,8	14,0
Receivables	5,4	7,7
Other receivables	17	13,1
Payables	(7,4)	(10,0)
Other Payables	(3,7)	(26,6)
Net Working Capital	**37,10**	**(1,8)**
Long term payables	(38,6)	(18,8)
Invested Capital	**776,5**	**643,8**
Funded by:		
Shareholder's Equity	**557,9**	**527,2**
Cash & Cash Equivalents	23,8	61,0
ST Financial Debt	(114,9)	(37,8)
LT Financial Debt	(127,5)	(139,8)
NFP	**(218,6)**	**(116,6)**
Total Funding	**776,5**	**643,8**

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Consolidated Income Statement

€ m	1H05	2H06	*Var %*	FY05
Freehold rents	18,0	20,7	***15,0%***	36,3
Leasehold rents	7,4	6,5	***-12,2%***	15,0
Revenues from services	0,7	1,4	***106,9%***	1,8
Total Revenues	**26,0**	**28,5**	***9,6%***	**53,1**
Direct costs	(8,0)	(8,0)	***-0,9%***	(16,6)
of which passive rents	*(6,5)*	*(6,0)*	***-8,3%***	*(13,2)*
SG&A	(1,4)	(2,3)	***60,6%***	(3,3)
EBITDA	**16,6**	**18,3**	***10,3%***	**33,2**
EBITDA %	***63,71%***	***64,14%***		***62,5%***
Depreciation	(0,2)	(0,5)	***233,1%***	(0,3)
Fair Value Change	14,18	39,9	***181,5%***	33,4
EBIT	**30,6**	**57,7**	***88,5%***	**66,3**
Net Financial Income/(charges)	(2,0)	(2,5)	***27,0%***	(3,8)
Profit Before Tax	**28,6**	**55,2**	***92,8%***	**62,5**
Net Profit	**17,7**	**32,8**	***85,1%***	**62,5**