Financial statements

at 31 December

2011

SPACES TO BE LIVED IN

IGD, SPACES TO BE LIVED IN







commerciale


Financial statements at 31 December 2011

THE IGD GROUP

→ P. 4

1.1 LETTER TO THE SHAREHOLDERS p. 6
1.2 CORPORATE AND SUPERVISORY BODIES p. 8
1.3 HIGHLIGHTS p. 10

1

DIRECTORS' REPORT

→ P. 12

2.1 THE IGD GROUP TODAY p. 14
2.2 ACTIVITIES p. 19
2.3 THE STOCK p. 23
2.4 SIGNIFICANT EVENTS p. 27
2.5 THE MARKET SCENARIO p. 29
2.5.1 THE REAL ESTATE MARKET p. 29
2.5.2 THE REAL ESTATE PORTFOLIO p. 34
2.6 VALUATIONS OF THE INDEPENDENT EXPERTS p. 39
2.7 THE SIIQ REGULATORY ENVIRONMENT p. 60
2.8 ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES p. 62
2.9 PERFORMANCE IN 2011 p. 64
2.9.1 INCOME STATEMENT REVIEW p. 64
2.9.2 STATEMENT OF FINANCIAL POSITION AND FINANCIAL REVIEW p. 69
2.10 SUBSEQUENT EVENTS p. 72
2.11 OUTLOOK p. 72
2.12 IGD SIIQ SPA'S AND THE GROUP'S PRIMARY RISKS AND UNCERTAINTIES p. 73
2.13 INTERCOMPANY AND RELATED PARTY TRANSACTIONS p. 78
2.14 PRIVACY PROTECTION p. 79
2.15 TREASURY SHARES p. 79
2.16 RESEARCH AND DEVELOPMENT p. 79
2.17 SIGNIFICANT TRANSACTIONS p. 79
2.18 RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED ACCOUNTS AT 31/12/2011 p. 80
2.19 PROPOSED ALLOCATION OF NET PROFIT p. 81

2

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

→ P. 82

3.1 COMPANY PROFILE p. 84
3.2 INFORMATION ON OWNERSHIP STRUCTURE (pursuant to art. 123-bis, par. 1, T.U.F) p. 85
3.3 COMPLIANCE (pursuant to art. 123-bis, par. 2 (a)) p. 87
3.4 BOARD OF DIRECTORS p. 88
3.5 TREATMENT OF CORPORATE INFORMATION p. 95
3.6 BOARD COMMITTEES (ex art. 123-bis, para 2, letter d), TUF) p. 96
3.7 NOMINATIONS COMMITTEE p. 96
3.8 COMPENSATION COMMITTEE p. 97
3.9 DIRECTORS' REMUNERATION p. 97
3.10 NTERNAL CONTROL COMMITTEE p. 98
3.11 INTERNAL CONTROL SYSTEM p. 99
3.11.1 EXECUTIVE IN CHARGE OF INTERNAL CONTROL p. 101
3.11.2 INTERNAL CONTROL OFFICER p. 101
3.11.3 DECREE 231/2001 ORGANIZATIONAL MODEL p. 102
3.11.4 EXTERNAL AUDITORS p. 102
3.11.5 FINANCIAL REPORTING OFFICER p. 103
3.12 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES p. 104
3.13 APPOINTMENT OF STATUTORY AUDITORS p. 106
3.14 STATUTORY AUDITORS (pursuant to art. 123-bis, par. 2(d), TUF) p. 107
3.15 RELATIONS WITH SHAREHOLDERS p. 107
3.16 SHAREHOLDERS' MEETINGS p. 108
3.17 ADDITIONAL CORPORATE GOVERNANCE POLICIES (pursuant to art. 123-bis, par. 2(a), TUF) p. 109
3.18 SUBSEQUENT CHANGES p. 109

3

CONTENTS

BOARD OF DIRECTORS' REMUNERATION REPORT

→ P. 116

4

PART I:
COMPENSATION POLICY *p. 119*
PART II:
REMUNERATION OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS, THE GENERAL MANAGER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES IN 2011 *p. 122*
PART III:
INFORMATION ON THE INTERESTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS, THE CHIEF OPERATING OFFICER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES *p. 128*

THE IGD GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

→ P. 130

5

5.1 CONSOLIDATED INCOME STATEMENT *p. 132*
5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *p. 133*
5.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION *p. 134*
5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *p. 135*
5.5 CONSOLIDATED STATEMENT OF CASH FLOWS *p. 136*
5.6 NOTES TO THE FINANCIAL STATEMENTS *p. 137*
5.7 MANAGEMENT AND COORDINATION *p. 188*
5.8 SIGNIFICANT EQUITY INVESTMENTS PURSUANT TO ART.125 OF THE CONSOB'S REGULATIONS FOR ISSUERS *p. 189*
5.9 INFORMATION PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB'S REGULATIONS FOR ISSUERS *p. 190*
5.10 CERTFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *p. 191*
5.11 EXTERNAL AUDITORS' REPORT *p. 192*

IGD SIIQ S.P.A.: SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

→ P. 194

6

6.1 INCOME STATEMENT *p. 196*
6.2 STATEMENT OF COMPREHENSIVE INCOME *p. 197*
6.3 STATEMENT OF FINANCIAL POSITIION *p. 198*
6.4 STATEMENT OF CHANGES IN EQUITY *p. 199*
6.5 STATEMENT OF CASH FLOWS *p. 200*
6.6 NOTES TO THE FINANCIAL STATEMENTS *p. 201*
6.7 MANAGEMENT AND COORDINATION *p. 250*
6.8 INFORMATION PURSUANT TO ART. 149-*DUODECIES* OF THE CONSOB'S REGULATIONS FOR ISSUERS *p. 251*
6.9 CERTFICATION OF THE SEPARATE FINANCIAL STATEMENTS *p. 252*
6.10 ATTACHMENTS *p. 253*
6.11 EXTERNAL AUDITORS' REPORT *p. 255*
6.12 REPORT OF THE BOARD OF STATUTORY AUDITORS *p. 257*

GLOSSARY → P. 274

THE IGD GROUP

1


Conbipel

1.1 LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Your Company closed 2011 with a net profit of €30.1 million, an increase of 2.4% with respect to the prior year, while FFO – Funds from Operations, the operating cash flow – came in at €43.3 million, a slight improvement (+0.6%) with respect to the €43.0 million posted in 2010.
Overall these results show ***significant staying power despite very strained market conditions,*** *particularly in the last 4 months of 2011, in terms of both the business and financial environment. How was IGD able to react effectively to the critical situation that no one predicted a year ago when, actually, in Italy we were even beginning to see cautious signals of an inversion in the economic cycle?*
We believe that we can attribute this result to a ***specific combination of factors*** *related, on the one hand, to the* ***structure of our portfolio*** *and, on the other hand,* ***financial and business management.***
Firstly, in 2011 that fact that we were able to count on a quality ***portfolio****, which is highly segmented and geographically diverse, comprised primarily of shopping centers with significant food anchors, was of fundamental importance.*
Secondly, we were able to rely on ***our valid business model,*** *based on sustainable rents which make it possible to maintain high occupancy levels and, therefore, to guarantee yields over the long term.*
Thirdly, in a period in which the Euribor spreads grew significantly as did, therefore, the cost of debt, we benefited from having a ***flexible investment pipeline*** *which allowed us to focus, in the short term, exclusively on projects which were already underway and with very visible returns.*
Last but not least, we clearly benefited from ***the way in which our business is structured.*** *The C****ommercial Division*** *played a* ***key role:*** *using an active approach, close to the tenants present in the malls, everyday it worked to make our shopping centers truly "spaces to be lived in", just like we state in our pay-off; this resulted in an* ***increase in the footfalls like-for-like of 0.8%.*** *Not only: listening carefully and continuously to the needs of the retailers in our centers allowed* ***for timely identification of critical areas*** *caused by the consumer crisis and the credit crunch, in the second part of the year, including relative to the most important brands. These problems were addressed through policies designed to support the tenants.*
We also benefited from the recent steps taken to ***strengthen our organizational structure*** *which resulted in the creation of new roles and professional figures that enriched our in-house expertise, particularly with regard to commercial activities. The implementation of an* ***enterprise risk management*** *system, which we designed in 2010, made it possible for us to identify and assess areas of risk to a greater degree, as well as develop effective risk management tools.*
Lastly, the preparation of our first Corporate Sustainability Report, relative to 2010, made it possible for us to improve our approach to business: today, when we talk about full year results in IGD we are always also talking about our relationship with our stakeholders and the environment, as they are an integral part of what we do.
A combination of all the above mentioned factors, therefore, made it possible for us to achieve the results *we are presenting to you, beginning with the fair value of*

Gilberto Coffari, Chairman and
Claudio Albertini, Chief Executive Officer

our ***real estate portfolio*** *which, at the end of the year, was valued at €1,924.65 million: a figure which, with respect to the €1,803.98 million recorded at the end of 2010, reflects a greater perimeter due to the new acquisitions made which include the two hypermarkets in Conegliano and in Palermo, the prestigious property in the historic heart of Bologna and the top two floors of the building where our headquarters were already located. The market value of our portfolio, like-for-like, in Italy is basically unchanged (-0.05%) with respect to a year ago, despite the negative impact on fair value of the introduction in December 2011 of a municipal property tax* (Imposta Municipale Unica sugli immobili or IMU)*, while market value in Romania fell slightly (-1.17%).*
With regard to the income statement, ***rental income rose*** *6.9% thanks to the contribution of the acquisitions made in the last two years and a noticeable increase in the like-for-like perimeter which grew by 3.09%; on the cost side, attention was paid to further* ***increasing efficiencies,*** *thanks to a drop, in absolute terms, to general expenses.*
The growth of the Group's portfolio perimeter was accomplished by maintaining the level and the relative cost of debt under control: *the gearing ratio (debt to equity ratio) came in at 1.38, net of reserves for derivatives, therefore below the "ceiling" of 1.5 which the Group indicated in the 2009-2013 Business Plan. The average cost of debt, at 4.0%, also continues to be one of the sector's lowest.*
The increase in ***EBITDA*** *(+7.5%) of €6.2 million – which translated almost entirely into EBIT (+5.3 million) – made it possible to absorb the increase in net financial charges and report an* ***important increase in the bottom line,*** *albeit slight, of €716 thousand.*

IGD was able, therefore, to quickly address and adapt to the unexpected changes in the external context without halting its own growth and compromising its profitability.
Based on the quality of the earnings generated we are ready to propose, despite the very challenging environment, payment of a dividend equal to €0.08 per share – which represents not less than 85% of the exempt income - an increase with respect to the 2010 dividend (€0.075) of 6.7%: this indicates, calculated based on prices at year-end 2011, therefore, a decidedly interesting yield of 10.8%.
For the first time in IGD's history we are proposing that shareholders approve a capital increase reserved exclusively for shareholders, coupon holders entitled to receive dividends, who may subscribe by reinvesting up to a maximum of 80% of the proposed 2011 dividend. The purpose of this transaction is to align IGD SIIQ with the practices adopted by a number of European REITs.
We hope that our Shareholders appreciate and will take advantage of this opportunity, particularly in light of the marked underperformance which has characterized the stock since the sell-off caused by the global market conditions and totally unrelated to the Company's fundamentals; fundamentals confirmed by the health of the 2011 financial statements.

The Chairman
Gilberto Coffari

The Chief Executive Officer
Claudio Albertini

1.2 CORPORATE AND SUPERVISORY BODIES

The corporate governance model adopted by IGD, which reflects the principles of the Corporate Governance Code for Listed Companies" and Consob's guidelines, is in line with the best international practices.

The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. As in the past, for the year that closed on 31 December 2011 IGD hired the consulting company Egon Zehnder International to help with this self-assessment process.
This survey, relating to the year closed on 31 December 2011, was conducted in the months of January and February 2012 in accordance with the most sophisticated international best practices and was carried out on the basis of:
- discussions with each Director, after having completed a questionnaire prepared for this purpose, in light of the areas in need of improvement indicated in the 2010 Board Review;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results, including the areas found to be in need of further improvement, were presented during the Board of Directors' meeting held on 8 March 2012. More in detail, IGD's Board of Directors was found to have achieved levels of market excellence in terms of:
- Size which was found to be adequate, with a majority of independent directors;
- Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to:
  - _ a positive and efficient environment; adequate and timely distribution of information to the directors in preparation for the Board meetings;
  - _ effective dialogue and ability to make decisions, in particular with regard to financial matters and the assessment of investments;
  - _ the Chairman's ability to coordinate, guide and facilitate the Board's activities which was, once again, well supported by the Chief Executive Officer (the consensus of the Board is always reached without difficulty);
  - _ useful and adequate participation of company managers in the Board meetings when deemed opportune.

The new IGD's headquarter in Bologna

Board of Directors	Non-executive	Executive	Independent	Internal Control	Nominations Committee	Compensation Committee	Committee for Related Party Transactions	Lead Independent Director	Supervisory Board
Gilberto Coffari	■								
Sergio Costalli	■								
Claudio Albertini		■							
Roberto Zamboni	■								
Leonardo Caporioni	■			■					
Fernando Pellegrini	■								
Corrado Pirazzini	■								
Aristide Canosani			■	■					
Fabio Carpanelli			■		■				■
Massimo Franzoni			■	■					
Francesco Gentili			■			■			■
Andrea Parenti			■		■		■		
Riccardo Sabadini			■			■	■	■	
Giorgio Boldreghini			■		■		■		
Sergio Santi			■			■			■

Board of Statutory Auditors	Office	Standing	Alternate
Romano Conti	Chairman	■	
Roberto Chiusoli	Auditor	■	
Franco Gargani	Auditor	■	
Isabella Landi	Auditor		■
Monica Manzini	Auditor		■

The Board, appointed by the Annual General Meeting held on 23 April 2009, will be in office through the Annual General Meeting called to approve the financial statements for the year ending on 31 December 2011 which is to be held on 19 April 2012.
The items in red indicate the independent directors and the different positions held within the Board.

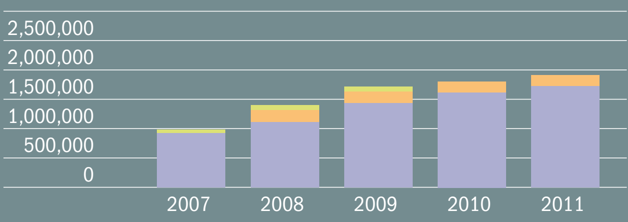
The Board of Statutory Auditors will remain in office for the three-year period 2009-2011.

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

1.3 HIGHLIGHTS

	FY 2009	FY 2010	FY 2011
Total operating revenue	112,781	116,187	124,657
Core business revenue	112,781	116,187	122,931
Core business ebitda	76,533	82,480	88,119
Core business ebitda margin	67.86%	70.99%	71.68%
Consolidated net profit	20,408	29,340	30,057
Consolidated ffo	39,426	42,999	43,266
Net financial debt (€/mn)	1,027.82	1,017.08	1,128.97
Net equity (€/mn)	747.53	773.45	767.05
Adjusted gearing ratio	1.34	1.28	1.38
Loan to value (%)	56.88%	56.38%	58.66%
Hedging (%)	3.53%	3.53%	4.08%
Average cost of debt (%)	66.61%	74.13%	80.80%

Market value of the portfolio

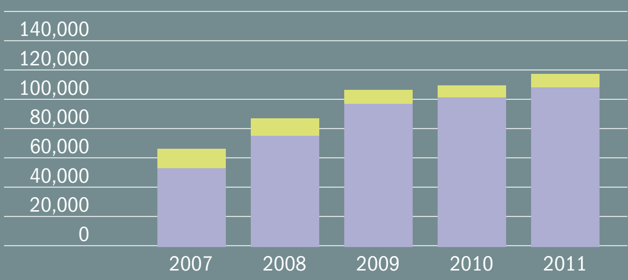


Value:
thousands of euros | Italia | Winmarkt | RGD

NAV per share

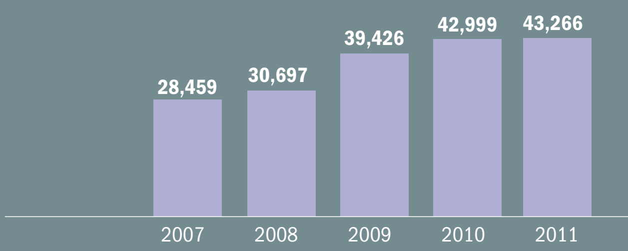
Value:
units of euros

Rental income



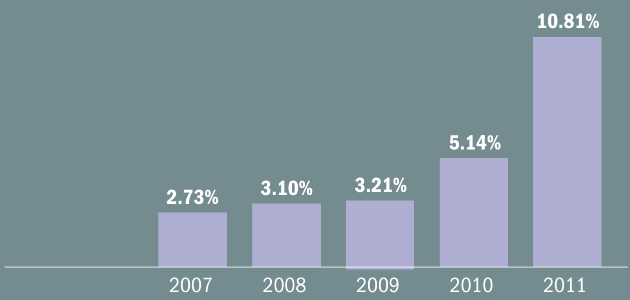
Value:
thousands of euros | Revenues - SBU1 Freehold | Revenues - SBU1 Leasehold

FFO (Funds from operation)



Value:
thousands of euros

Dividend yield



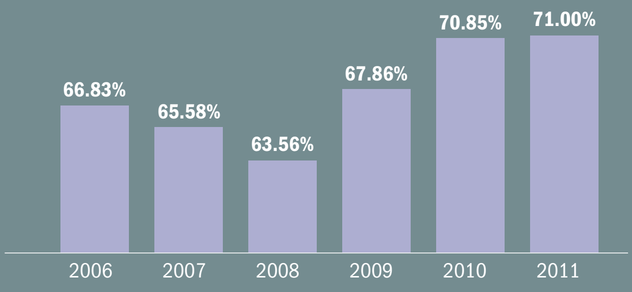
Dividend

Value:
units of euros

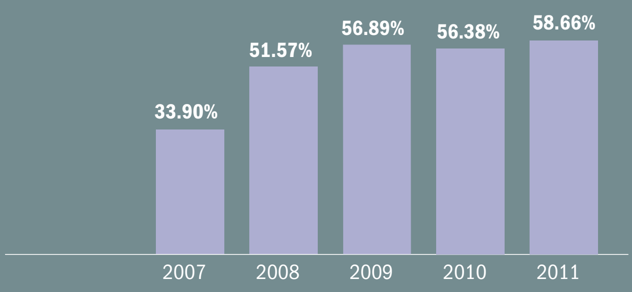
Ebitda

Value:
thousands of euros

Ebitda margin



Loan to value



Average cost of debt

Consolidated income statement	FY 2010	FY 2011
Freehold revenue	101,864	109,110
Leasehold revenue	8,231	8,537
Revenue from services	6,092	5,284
Revenues from trading	0	1,726
Net revenue *	**116,187**	**124,657**
Cost of goods sold and other costs	280	(731)
Rents payable	(8,382)	(8,439)
Direct costs	(15,614)	(16,971)
General expenses	(10,155)	(10,007)
Ebitda	**82,317**	**88,509**
Amortization, depreciation & impairment	(5,305)	(843)
Change in fair value	(8,746)	(14,150)
Ebit	**68,266**	**73,516**
Income fr. Equity investments	(1,140)	(887)
Financial income/(charges)	(35,344)	(43,487)
Pre tax profit	**31,782**	**29,142**
Tax	(2,510)	876
Net profit	**29,272**	**30,018**
Minorities' portion of net profit/(loss) for the year	68	39
Group's portion of net profit	**29,340**	**30,057**

Value:
thousands of euros

* the item net revenue is shown net of charge-backs

2011	Hypermarkets	Malls	Malls-Romania
Total occupancy rate at 31/12/2011	**100%**	**95.52%**	**87%**
Financial occupancy rate at 31/12/2011	**100%**	**96.52%**	**88.77%**
Average yield at 31/12/2011	**6.36%**	**6.5%**	**7.57%**
Average yield like-for-like	**6.45%**	**6.5%**	**7.57%**

DIRECTORS' REPORT

2

2. DIRECTORS’ REPORT

Dear Shareholders,

The directors’ report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents.

The consolidated financial statements at 31 December 2011 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ SpA and other Group companies as listed in the paragraph related to the scope of consolidation.

Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where clearly specified. These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards.

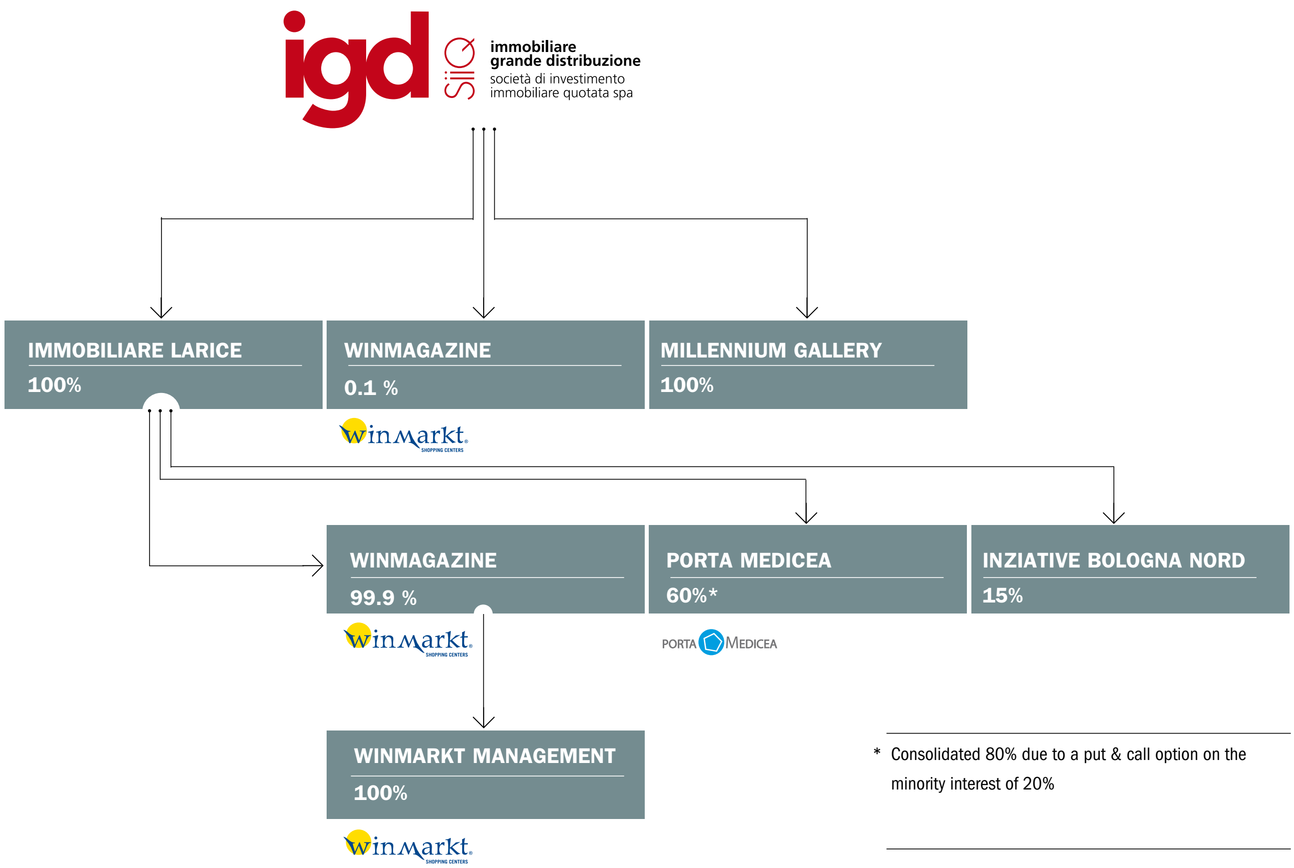
2.1 THE IGD GROUP TODAY

In 2008, the year in which the special tax regime was introduced in Italy, IGD was the first company to obtain SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) status.
It's business model, focused on long term property management and the characteristics of its shareholders, made IGD one of the few companies in Italy which represented a true real estate investment vehicle, thanks to the visible, recurring revenue stream generated by rental activities: a solid foundation for interesting dividend payouts. The uniqueness of IGD's business model, which make it a "natural SIIQ", is also proven by the fact that after five years since the special regime was established there are still only two SIIQs in Italy.
Listed in February 2005 with a real estate portfolio valued at €585 million in September 2004: over the last seven years IGD has recorded significant growth. The real estate portfolio at 31 December 2011 was valued by independent appraisers at €1,924.645 million.
The IGD Group, focused primarily on the retail real estate sector, is most active in Italy, but is also present in Romania where, through its subsidiary WinMagazine SA (acquired in April 2008), it controls the country's largest chain of Winmarkt brand department stores and is active in 13 midsize cities.

IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy. The Parent Company also controls 100% of Millenium Gallery s.r.l., owner of part of the shopping mall in Rovereto, 100% of Immobiliare Larice and 0.1% di Winmagazin SA.
Immobiliare Larice, in addition to owning the CentroSarca shopping mall in Milan, also holds the majority of the operations which are not included in the SIIQ's scope of consolidation:

1. 99.9% of WinMagazine, through which it controls WinMarktManagement, the company responsible for the team of Romanian managers;
2. 60% of Porta Medicea, the requalification and real estate development project of Livorno's seafront;
3. 15% of Iniziative Bologna Nord, a real estate development company;
4. management of the leasehold properties Centro Nova and Centro Piave;
5. service activities which include mandates for the management of freehold and leasehold properties.

The organizational chart below reflects the Group's structure at 31 December 2011.



* Consolidated 80% due to a put & call option on the minority interest of 20%

Our Portfolio

Today IGD's portfolio is comprised almost entirely of hypermarkets and shopping malls that are part of medium-large sized shopping centers.
In Italy the properties are spread out throughout the country, from Piedmont to Sicily. In Romania the domestic presence is also quite widespread as the centers are found in 13 different midsize cities.
The portfolio can be broken down as follows:

IN ITALY

- 19 → hypermarkets and supermarkets
- 19 → shopping malls and retail parks (including the mall co-owned with Beni Stabili)
- 1 → city center property
- 4 → plots of land for direct development
- 1 → asset held for trading
- 7 → other

IN ROMANIA

- 15 → shopping centers
- 1 → office building

The Gran Center in Ploiesti Romania →
La Torre Shopping Center in Palermo ↓

Our Activities

The core of IGD's business is **property management and leasing.**
The Company has always also been involved in a number of activities related to services, some of which sporadic, such as the mandates for the marketing of new shopping centers, including for third parties, and others more recurring in nature, like the mandates for shopping center management.

Property Management and Leasing

The objective is to enhance the long term value of the portfolio through three distinct activities:

1. The purchase and leasing of real estate, both existing properties and new initiatives, in which case IGD may also get involved in development ;
2. The optimization of the returns from the portfolio, through
   - commercial policies and initiatives which maintain the shopping center's appeal and occupancy rates at high levels;
   - property enhancement which involves improvements like extensions or restyling, as well as ordinary and extraordinary maintenance;
3. The possible sale of the older or less strategic freehold properties.

Services

Agency Management and Pilotage operations are typically involved in the promotion of newly opened, expanded or restructured centers, as well as in the rotation of existing retailers.
Facility Management services are, rather, linked to marketing and the daily operations of the center such as, for example, security, cleaning and ordinary maintenance.

Mission

IGD's mission is to create **value for all its stakeholders:** shareholders and financial backers, employees, customers, local communities, retailers, as well as suppliers. We believe this is possible through sustainable growth.

Vision

IGD's business is focused on the **retail** segment, **primarily in Italy:** IGD is, in fact, convinced that having and managing a vast portfolio of shopping centers in Italy offers attractive opportunities in terms of medium/long term returns given the interesting space available on the Italian market for development and expansion, in addition to the more dynamic characteristics of the retail segment with respect to other real estate segments.
IGD's portfolio is very segmented and diversified in terms of geographic distribution in order to take advantage of a uniquely Italian situation in which the level of disposable income is distributed fairly evenly throughout the country, there is a relatively low concentration of the population in the larger cities, while there are numerous urban centers with less than 100,000 inhabitants.
The location near cities and IGD's medium sized shopping centers are the products of deliberate choices made in order to meet demand as efficiently as possible.
The presence of **food anchors,** next to the mall in which typically 50 different retailers are located, facilitates customer loyalty and helps to maintain traffic throughout the week.
The key trait that IGD looks for relative to all its Italian shopping centers is good **access to primary catchment areas.** This is the logic with which new projects are selected, along with expansion, restyling, and commercial initiatives which may make it possible to improve or maintain the penetration of a given catchment area over time. The success of the different activities is based on a careful analysis of the local peculiarities, with regard to both existing characteristics and needs which have yet to be met.

The presence in IGD's portfolio of a department store chain in Romania can be explained by the desire to diversify in a market which in 2008, the year in which WinMagazine was purchased, promised high yields and very robust growth rates. The deep consumer crisis which has persisted over the last few years, along with the restructuring of the properties and requalification of the tenants found in the 15 centers have, undoubtedly impacted the performance over the last few years: despite this the Rumanian activities continue to make a positive contribution to IGD's consolidated p&l, thanks to the yields which are on average higher than those of the Italian portfolio.

In Romania IGD has adhered to the same policies which distinguish the management of the Italian centers, with the same goal of g**enerating returns which are sustainable over the long term.** IGD is, in fact, firmly committed to creating and maintaining structures capable of continuously attracting shoppers over time; by generating a significant number of footfalls, IGD creates the conditions the tenants need for good sales volumes which, in turn, is key to guaranteeing rental income that is sustainable over time.

Strategy

After the appointment of Claudio Albertini as Chief Executive Officer, in November 2009 IGD presented the new 2009-2013 Business Plan which was then updated in November 2010.
The profound changes which affected the external environment in the second half of 2011 found the Company in a financial and business context which was very different from the one underlying the assumptions of the 2009-2013 plan. In light of the persistently uncertain global market conditions and the fact that a new Board of Directors is to be appointed during the next Annual General Meeting to be held on 19 April 2012 which will, moreover, have to approve the Plan's targets and monitor its implementation, any further planning was delayed until the first part of 2012.
In 2011 IGD's management was, however, still focused on the clearly defined and valid **guidelines.**

Firstly, with regard to the investment pipeline, the Company **focused on the realization of the "committed pipeline",** namely those projects which were already clearly identified and for which there was a firm commitment, while postponing **the realization of the non-committed pipeline to subsequent years.** The "committed pipeline" covers investments of €521.2 million out of the total investments of approximately €850 million found in the 2009-2013 plan. This €521.2 million includes investments of €344.8 million in projects which are already completed and which already generate revenue, namely the hypermarkets and malls opened in the period 2009-2010. The "non-committed" pipeline, which totals €328 million, includes a few projects amounting to €84 million which are already operative and generating revenue: the property acquired in the historic heart of Bologna, which is part of the "city center" category, as well as the two hypermarkets purchased in 2011, found in the Conè and La Torre centers, following the sale of the RGD, as part of the "reinvestment -property rotation" category.

Secondly, the focus of the commercial policies was to maintain **the high occupancy rates** (which reached 95.52% in the Italian malls and 100% in the hypermarkets at the end of 2011), through policies designed to sustain the strategic tenants found in each single shopping center during a phase of particularly weak consumption.

Thirdly, with regard to the financial strategy, IGD worked to maintain the gearing below the peak of 1.5 with a debt structure comprising primarily long term debt, in line with the asset base.

Aware of its status as a SIIQ, IGD is, lastly, committed to offering attractive returns to its shareholders including through the distribution of earnings: in 2011, despite the very critical external environment which the Company had to face, the earnings generated by the exempt operations are such that the Board of Directors will propose that shareholders approve a dividend of €0.08 per share, an increase of €0.005 with respect to the prior year and a very attractive yield with respect to the current stock price.

2.2 ACTIVITIES

IGD's business activities include three distinct divisions:
- Property development and portfolio management;
- Marketing and management of the network;
- Romania.

1. Property development and portfolio management

Property Development

Following an intense period of new openings during which, between 2009 and 2010, an impressive six new shopping centers were inaugurated, in 2011 investments in a **myriad of projects** continued.

In the first half of 2011 IGD purchased the hypermarket in the Coné Center, in Conegliano Veneto, where it already owned the mall, followed by a building in the historic heart of Bologna, on via Rizzoli, and the last two floors of the office building found in the Bologna Business Park where IGD's headquarters are located and where the second floor, as well as a portion of the third floor, are leased to third parties, along with the land next to the shopping center to be built in Chioggia. In the second half another hypermarket, the one in the La Torre Shopping Center in Palermo where IGD has owned the mall since 2010, was added to IGD's portfolio. Lastly, the purchase of a plot of land for future expansion found next to the Centro d'Abruzzo site was finalized.
While the details of the transactions can be found in paragraph 2.5 "Investments and commercial agreements", it's important to note that in 2011 the rationale guiding the selection of development projects was the desire to have **full ownership:**
1. of the two hypermarkets in the centers where IGD already owned the mall;
2. of the last two floors of the office building where IGD's headquarters are located;
in order to generate **operating synergies,** as well as take advantage of opportunities for interesting yields.

By acquiring a property in the historic heart of Bologna, in via Rizzoli, in 2011 IGD also added a **new asset class** to its portfolio. One that had been contemplated in the 2009-2013 Strategic Plan, namely properties found in the main streets of Italy's most important cities in order to diversify the asset base by including a type of property destined to **increase in value over time** due to the prestigious locations. The acquisition of the land in the municipality of San Giovanni Teatino is, rather, part of a more general plan to expand, where possible and if deemed interesting, **existing centers:** in this particular instance the Centro d'Abruzzo will be expanded to include around thirty stores in light of the satisfying performance of the food anchor. In general IGD, through its expansions, seeks to increase its portfolio while keeping **investment risk low** thanks to the direct understanding of the catchment area's needs which comes from being a consolidated, local presence.

In 2011 further investments were made in the **Porta Medicea** project which calls for a profound transformation of Livorno's seafront. More in detail, the restructuring of the historic Palazzo Orlando was completed and sales of the office space began. The work on the remaining parts of the Mazzini area, of which Palazzo Orlando is a part, reached an advanced stage. The entire lot should be ready for delivery by the end of 2013, as scheduled. The pre-letting of the project's residential area has also generated positive feedback.

Lastly, the building of the retail park in **Chioggia** (in the province of Venice), where the urban works were begun in 2011, should begin in the first half of 2012. The new complex, which is expected to open at the end of 2013, will cover a total . GLA of 18,343 m² and will include a hypermarket, 5 midsized stores and 8 points of sale.

Portfolio Management

In 2011 the IGD Group continued to pay great attention to the **routine maintenance** of its shopping centers both directly and through management consortiums; a larger sum was dedicated to updating systems in order to comply with new regulations, as well as to maintain the quality of the entire portfolio over time.

With regard to asset management, approximately €**5 million** was spent on **extraordinary maintenance** which included €2.2 million for the complete restyling of the **ESP Center in Ravenna;** the work done, both exterior and interior, involved flooring, lighting, fixtures, as well as a different layout for a few points of sale in the mall.
In light of the satisfying results of the restyling, beginning at the end of 2012 this shopping center will undergo **significant expansion** (23,400 m²) which should be completed in 2015; as a result of this project midsized stores will be added to the complex, along with 1,100 additional parking space. The investment is estimated to reach around €46 million.

IGD is also committed to beginning two more **expansion projects** in 2012 which should be completed in 2013 and 2014: in the Marche region and in Abruzzo.
The expansion of the **Porto Grande Shopping Center,** in the Ascoli Piceno province, calls for the addition of 2 more midsize stand alone stores which will cover a total of 5,000 m², as well as new green zones and parking, for a total estimated investment of €10 million.
The expansion of **Centro d'Abruzzo,** in the Chieti province, will result in the construction of a 4,700 m² building in order to expand the mall, in addition to new parking, for a total estimated investment of €18.5 million.

With regard to **energy efficiency** – which continues to be one of the priorities of the restyling initiatives, given the

opportunity to install new systems and to use better performing materials in the restructuring - in 2011 IGD generated great savings through the improvement of the lighting systems at Centro Borgo and restyling at Centro Esp.
The gradual installation of more solar panels continues to be a priority for IGD: the two pilot projects at the Asti and Mondovì centers in Piedmont, which should be kicked off in the first part of 2012, will be followed by a similar project at the La Torre center in Palermo.

In 2011, in line with the promise contained in the pay-off "IGD Spaces to be lived in", **Wi-Fi access** became available in all the shopping centers.

In 2011 in **Romania** expansion of the prestigious GLA of a few ground floors continued, along with maintenance which was focused on improving insulation. The fourth Drogerie Markt of the Winmarkt chain was opened in Ploiesti and a store was opened in Piatra Neamt.
After the positive experience in 2010 at Galati where a caffè-cinema and game arcade was built on the fourth floor, in 2011 a Discoclub was added to the Braila center, along with a caffè-risto-club in the Ploiesti center. At the end of the year a Gameland was also opened in the Ramnicu Vallea center. Preparation of the area where a fitness center of more than 1000 m² will be built in the Galati was also almost completed. This will be the fourth structure of this kind to be included in the Winmarkt chain.
In 2012 work will begin on the facades, where the Winmarkt logo will be added. The logo was changed in order to render it more in keeping with IGD's corporate identity: the fact that department stores can also use exteriors to introduce themselves with a new and more European look may also be used to help attract international retail chains.

In 2010 IGD launched its **shopping mall concept identification project,** based on which the color red, curvy shapes and innovative materials were to be used as part of centers' format. At the end 2011 an impressive 7 properties in the portfolio have adhered to the new format guidelines: not only the most recently opened centers (Guidonia, Faenza, Palermo and Conegliano Veneto), but also the ones involved in restyling (Afragola, Ravenna and in 2012/2013 Centro d'Abruzzo).

2. Marketing activities and management of the network

Marketing Activities

The marketing activities typically involve:
1. pre-letting of new openings and expanded centers;
2. restyling;
3. the management of tenant turnover in the existing malls.

In 2011 the pre-letting of the **retail park in Chioggia** generated positive feedback and an important contract was closed for a midsize store and great interest was expressed with regard to the other units: there is, moreover, limited competition in the region. The local community has been waiting for the construction of the center, for which it took two years to get the authorization, and retailers have expressed interest. Positive feedback was also received regarding the extensions of Porto Grande and Centro d'Abruzzo.

In 2011 the pre-letting activity in **Ravenna**, following the restyling of Centro ESP, made it possible to renew contracts with an average increase in rents of around 7%. There also appears to be a lot interest in the future extension of the same shopping center.

In 2011 IGD was able to increase the presence of several interesting brands, such as Kiko, H&M and Calzedonia, in its malls.
The increase in rental income generated by temporary spaces inside the Italian shopping centers, which rose 8% with respect to 2010, represents another positive result and is testimony to the efficacy of the marketing activities in a negative market environment.
The development strategies of the international and domestic brands in Italy changed drastically due to the crisis and they have become increasingly cautious.
On the other hand, IGD continued to carefully select tenants on the basis of both the ideal merchandising mix and tenant mix for each single space.
Focusing on **increasing the shopping centers overall appeal,** rather than on maximizing short term revenue, has allowed IGD to successfully address and manage the consumer crisis which has characterized the last few years. The retailers were also able to see how the philosophy of IGD, captured in the "spaces to be lived in" slogan helped to maintain foot traffic, even in a difficult market: like-for-like, the footfalls in the 12 month period, in fact, reached 58.1 million with an average increase of 0.8% with respect to 2010. The footfalls have increased significantly in the recently opened centers, like Asti and Guidonia, and the restyled ones like Afragola. More specifically, in December 2011 the increase in footfalls like-for-like reached 2.4%.
Footfalls in 2011 at the centers included in IGD's Italian portfolio, including the new acquisitions Conè, La Torre and Gran Rondò, totalled 68.1 million.

The **client portfolio risk** continued to be low in 2011: the ten largest tenants represent only 19.0% of IGD's total rental income (12.1% of the rent also includes the hypermarkets).

In 2011 IGD also adopted a more functional structure in order to control the 11 different regions in Italy more effectively: while the number of Regional Managers was unchanged, management of the network was broken down into two areas: **Central North** (from Piedmont to Emilia-Romagna) and **Central South.**

The **key success factors** of IGD's **marketing activities** in this phase include the ability to remain close to the retailers in each center, the in depth knowledge of the structure of their p&l, the ability to listen continuously and carefully to the difficulties encountered related to macroeconomic factors.
If first half 2011 IGD was faced with the problems encountered by the small retailers, which had become "chronic" at this point as they first appeared with the crisis of 2008. In the second half the Company had to deal with a panorama which, suddenly, became even worse: the credit crunch in the summer, combined with the crash of non-food consumption, put the solvency of several large retailers in great danger; a completely new and unforeseeable situation. The very close relationship with its counterparties and the ability of IGD to identify how and to what extent the Company should support them during the critical months made it possible to implement specific support measures and help to sustain tenants: this approach made it possible to maintain a high rate of occupancy (96.6% for the Italian malls).
In Romania the restyling and restructuring of the spaces continued, along with the requalification of the tenant portfolio, which made it possible to gradually improve the occupancy rate which reached 88.8% at 31 December 2011.

Contract Management

Contract management is the second activity in which the Marketing and Network Management division is involved.
As in the past, IGD focused on sustainability of the rents over time.
In 2011 IGD signed 90 new contracts in Italy, 49 of which were renewals and the remaining 41 were related to turnover. The average increase of the new contracts reached 7.4%.
In 2011 225 renewals and 107 new contracts were signed in Romania. The rents relative to the 225 new contracts, which represent 22.8% of Winmarkt's revenue, were down by around 13%. Several contracts, in fact, expired during the year which were executed between 2007 and 2008 and, therefore, before the economic crisis; the last renewals of similar contracts should be completed by the end of the first half 2012.

Management of the Network

Management of the network of shopping centers, both freehold and third party, makes up the third operating segment of this division.
Management of the network, through mandates granted to the IGD Group by consortiums (retailers or owners), includes **facility management** relative to the individual centers which involves routine services (security, cleaning, utilities). Beginning in January 2012 IGD added a new role to this operating segment, the **Facility Manager,** who is in direct contact with the network in order to support the mall managers with ordinary maintenance activities. The Facility Manager also plays a key role in monitoring safety in the workplace and monitors certain legal aspects linked to energy consumption in the shopping centers.
In this regard we would like to emphasize that in 2011 comparative analyses were conducted of the competitors' energy consumption and the services offered in IGD's shopping centers which resulted, in some instances, in the revision of facility management contract conditions (for example, relative to cleaning and security). The rationalization of heating and air conditioning systems utilization continued.
In order to create uniform and synergic communications in 2010 IGD launched a new project targeting the advertising campaigns and promotional events which take place in the Italian shopping centers each year. The initiatives launched in line with the **2011 Marketing Plan** provide the first feedback in this regard and:

1. show how, in just a few months, the IGD brand gained good visibility;
2. prove that it is possible to successfully organize travelling events and save significantly on costs (truly replicable formats);
3. point to a considerable increase in the press coverage of IGD in the local media thanks to the interest in the different events that took place in the centers;
4. confirm that valid synergies can be generated by working jointly with the Coop organization on social/cultural, initiatives;
5. show, above all, how the standardization of communication campaigns resulted in **cost savings of about 10%;** the savings made it possible to invest resources in other projects, entirely to the benefit of the network.

The 2011 events were very focused on sports – thanks, above all, to the close collaboration with Bologna's basketball team Virtus Pallacanestro in the event "A canestro con IGD" (literally "A Basket with IGD") – as well other aspects of solidarity and health. All these activities are also part of the calendar of events for 2012.
The year, in fact, opened with an important initiative organized in March, in collaboration with the doctors of the ANT Italia Onlus Fondation, involving a free **cancer prevention campaign** which was dedicated to the shoppers visiting IGD's 23 shopping centers. Each center offered 120 free preventive skin cancer analyses which were conducted

using computerized video testing equipment.
At the end of 2011 another project was launched, together with the Hamelin Cultural Association and Coop School, the purpose of which is to familiarize kids with the artistic language of **comic books:** through the involvement of school teachers, a workshop was organized with artists from 8 different regions in order to raise the awareness of the young students. A competition will then take place focusing on multiculturalism and living with all populations. The works of the different classes will be displayed in 14 of IGD's shopping centers, where the awards ceremonies will also be held, between April and June
Between March and September 2012 the itinerant show **Creativitalia,** a continuation of the festivities commemorating the 150th anniversary of a united Italy, will be travelling to 28 centers: the project calls for an interactive space, a contest tied to the receipts given at each center and theme stands focusing on the country's history and its best qualities. Between March and September 2012 7 centers will also be involved in the **"La Bussola del Lavoro"** (literally "The Job Compass") event: 2 days in each center dedicated to career orientation, with the possibility to work on CVs and leave applications with the consultants of an employment agency FdR (FiordiLavoro) which is taking part in the event.
With regard, once again, to strengthening corporate identity, a **web design** project is underway in order to develop standardized graphics for **all the IGD shopping center websites.**

2.3 THE STOCK

IGD's shares are traded on the Italian Stock Exchange's STAR segment as part of the real estate sector.
The minimum lot is €1.00 and its specialist is Intermonte.

IGD SIIQ SpA 's share capital at 31 December 2011 was comprised of 309,249,261 shares with a par value of €1.00.

IGD TICKER SYMBOLS:

RIC: IGD.MI

BLOOM: IGD IM

ISIN: IT0003745889

INDICES IN WHICH IGD IS INCLUDED:

FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia MidCap, FTSE Italia STAR, FTSE Italia Finanza, FTSE Italia Beni Immobili

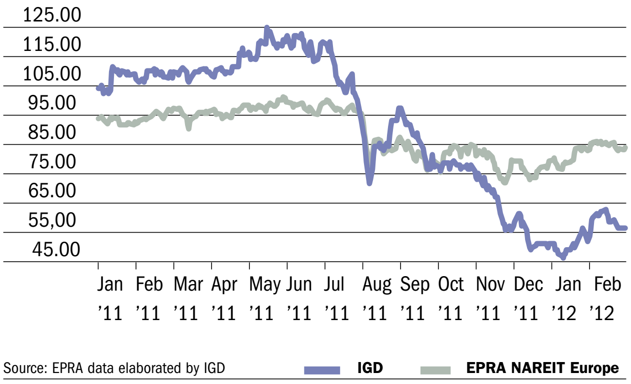
FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX;
EPRA: European Public Real Estate Association

EURONEXT IEIF REIT EUROPE
IEIF: Institut de l'Epargne Immobilière et Foncière

In the second part of 2011 the performance of IGD's stock, largely influenced by macroeconomic factors, showed a lack of correlation with the Company's fundamentals: the great uncertainties weighing on the financial markets and the risk adverse position maintained by investors, in fact, prevented the stock price from expressing the true value of its business results.
Moreover, in a context characterized by the Italian sovereign debt crisis and a weak real economy, coupled with the impact of the government's fiscal manoeuvres which penalized the real estate sector, IGD's international institutional shareholders, historically a strong point, generally reacted by disinvesting in the sector. The decision of a number of North American institutions to radically reduce their Euro based financial assets further fuelled the sell-off.
The combined effect of all these factors caused IGD's stock – which peaked in 2011 on 18 May at €1.76 - to fall to its year low of €0.71 on 15 December, to then hit a new historic low of €0.68 on 9 January 2012.
As a result of the phenomenon described above in the 12 months of 2011 IGD's stock underperformed the European sector index as well as, albeit to a lesser degree, the Italian stock market index, as is shown below.

Between 3 January and 30 December 2011 the EPRA NAREIT Europe index, which shows the average stock price of the listed European real estate sector companies, dropped by 13.6%, while IGD's shares dropped 49.7%. Through the first half of July 2011, IGD's stock had actually consistently outperformed the European sector index thanks to the good first quarter results and the positive expectations relative to the first half results – where were indeed confirmed by the numbers announced at the end of August, along with the independent appraisals 30.6.2011 which showed an increase of the real estate portfolio's fair value of €12.8 million.
The worsening of the Euro-zone sovereign debt crisis resulted in an unexpected crash in July, partially retraced in August which pushed IGD's stock to its high for the period of €1.38 (31 August). At the end of August IGD's performance from the beginning of 2011 was still perfectly in line with the European index. From September onward, while the EPRA NAREIT Europe index moved in a range at a level about 10-15% below the prices recorded during the first half of the year, IGD's stock was heavily penalized by the sell-off caused by the global market conditions described above.

IGD's stock price compared to the European real estate index (base 3.1.2011 = 100)



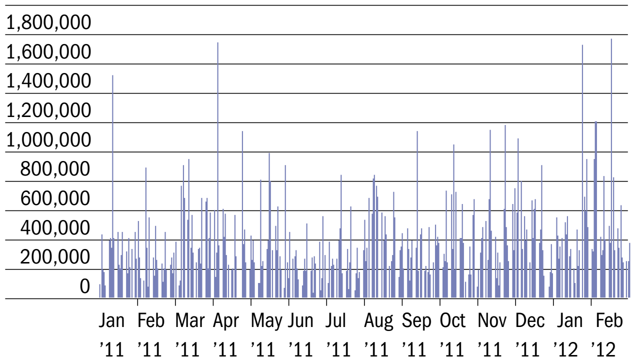
Source: EPRA data elaborated by IGD

In 2011 an average of 350,000 IGD shares were traded each day; largely in line with the average of 360,000 shares traded per day in 2010. More in detail, as with the price, the trend in volumes is different in the first and second half of 2011. If an average of 334,000 shares were traded each day between the beginning of January and the end of August, between September and December, at the same time as investors sold their shares in light of the negative macroeconomic factors, volumes were on average higher coming in at around 397,000 shares daily.

IGD's stock also underperformed the Italian stock exchange index, the FTSE Italia All-share index, albeit to a lesser degree than with respect to the European sector index: in 2011 the Italian index fell 25.2%, while IGD's stock dropped by 49.7%. The stock's performance was, in reality, in line with the Italian index through May: subsequently, through September, IGD outperformed the Italian index which was penalized by the significant weight of the banking sectors stocks which were particularly hard hit by the financial crisis.

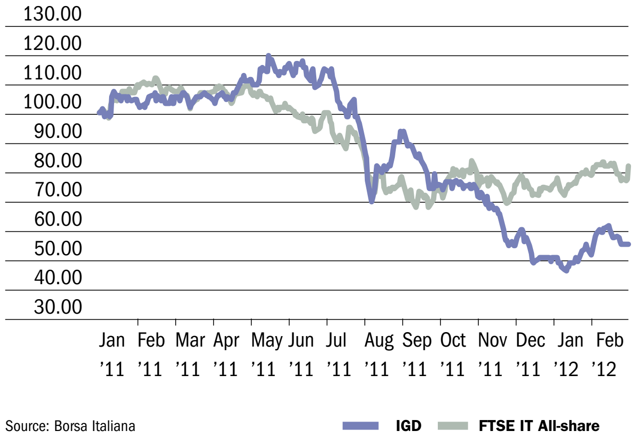
The underperformance relative to the Italian market, therefore, took place largely in the last three months of 2011.

Volume of IGD stock traded as of 3 January 2011



Source: Borsa Italiana

IGD's stock price compared with the FTSE Italia All-share Index as of 3 January 2011



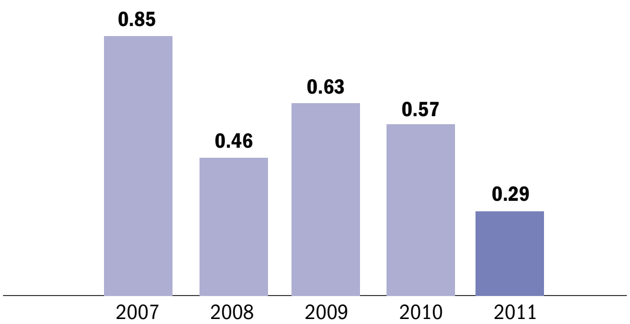
Source: Borsa Italiana

The NAV

NNAV per share		FY 2010	FY 2011
Market value freehold properties, plots of land, direct development projects and assets held for trading	A	1.803,98	1.924,65
Real estate investments, land, development projects and assets held for trading	B	1.804,01	1.916,79
Potential capital gains/ (losses)	**C=A-B**	**(0,03)**	**7,86**
Net equity		773,45	767,05
Treasury shares (incl. commissions)		22,25	22,25
Adjusted net equity	**H**	**795,71**	**789,31**
IGD's stock price at 31.12		**1,46**	**0,74**
Potential capital gain/(loss) on treasury shares	**D**	**(6,12)**	**(14,02)**
Total gain	**E=C+D**	**(6,15)**	**(6,16)**
NAV	**F=E+H**	**789,56**	**783,15**
Number of shares	G	309,25	309,25
NAV per share	***F/G***	***2,55***	***2,53***
Tax rate on capital gains		27,70%	27,60%
Total net capital gain	**I**	**(6,14)**	**(8,33)**
NNAV	**L=H+I**	**789,57**	**780,98**
NNAV per share	***M=L/G***	***2,55***	***2,53***

The NAV fell by 0.78% with respect to December 2010. The NNAV increased by a similar amount. This decrease is attributable to the decrease in total equity and, above all, to the potential capital losses on treasury shares based on the stock price at 31 December 2011. The tax rate on capital gains is equal to IRES (corporate income tax) (27.5%) and the one-off Irap (regional business tax) to which IGD SIIQ is subject.
The following graph shows the stock price (as of the last day of the 2011)/NNAV ratio from 2005 through 31 December 2011.

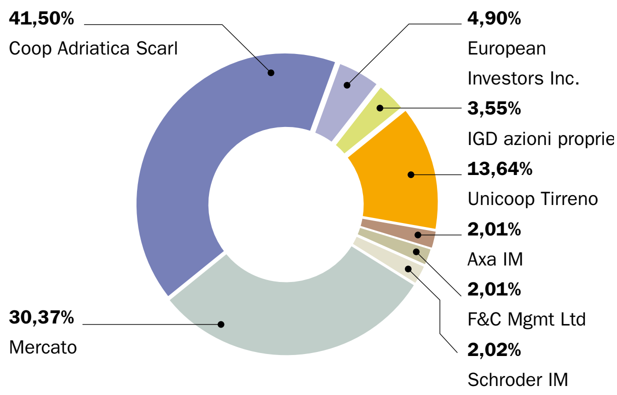
Stock price/NNAV



The Ownership Structure

In 2011 a few high profile institutional investors joined European Investors Inc. as shareholders with a stake of more than 2% in the share capital; AXA Investment Managers, F&C Management Ltd. and Schroder Investment Management.

Main shareholders



Source: IGD SIIQ SPA's shareholder register and Consob notices regarding significant equity investments

Dividend

IGD's Board of Directors will propose that the Annual General Meeting to be held on 19 April 2012 approve the distribution of a dividend of €0.08 per share, an increase of 6.7% with respect to the dividend of €0.075 paid in 2010.
This amount represents the highest amount ever distributed by IGD since its IPO. The yield on the dividend proposed for 2011, based on the share price at 30 December 2011 of €0.74, amounts to 10.8%. A dividend yield which, again, has never been reached previously.
The Board of Directors will propose that the shareholders approve a capital increase equal to 80% of the proposed dividend, reserved for shareholders, dividend coupon holders.

Shareholders' Agreements

The Shareholders' Agreement signed by Coop Adriatica and Unicoop Tirreno on 7 February 2011, deemed relevant for the purposes of Art. 122 of TUF, involves 170,516,129 ordinary shares or 55.14% of the Company's share capital; of which 157,713,123 or 51% of the share capital are bound by a voting block; the remaining shares are considered free shares.

Investor Relations

In 2011 intense communication activities and meetings with the financial community were organized in order to ensure that the market was up-to-date on the Company's latest developments and monitor expectations.
The coverage of the stock continues to be quite vast with respect to IGD's capitalization and in light of the continuous downsizing of many equity research departments: 9 analysts, five domestic and four international, the same number reported at the end of 2010, in fact, publish research on IGD.

In 2011 IGD presented its results in four conference calls held on:
• 9 March, to discuss the FY 2010 results;
• 11 May, to discuss the results for first quarter 2011;
• 25 August, to discuss results for first half 2011;
• 10 November, to discuss the results for the first nine months of 2011.

Thanks to the collaboration of 4 different brokers, management met 100 institutional investors in the main financial centers. More in detail, in 2011 IGD organized three different roadshows in Paris, two in London and Amsterdam, and one in Brussels and Zurich. In 2011 the Company also returned to the United States for the first time in three years, with stops in New York City and Chicago.
The Company also participated in the STAR Conference organized by Borsa Italiana in Milan, as well as in important events dedicated to listed European real estate companies: the Kempen Seminar, which was held in May in Amsterdam, and the SoGen European Real Estate Conference, which was held in October in London.

IGD also hosted professional investors in Bologna during 'reverse roadshows' and maintained contact with several international investors via conference calls.
As per the request of the investors themselves, IGD also organized field trips to visit 7 different shopping centers owned and managed by IGD, in addition to the Porta a Mare project in Livorno.

With regard to tools dedicated specifically to Investor Relations, the Company's website was further improved during the year: a considerable investment was made during the year in IGD's financial communications which was reflected in the improved ranking in the Italian Web ranking carried out by KWD. In November 2011 the Company was ranked 27th versus 41st in November 2010 and with a score which rose by 11.5 points, IGD was the Italian market's second 'best improver', namely the second best company in terms of improved web based financial communications.
In 2011 publication continued of the quarterly investor newsletter made available on the website www.gruppoigd.it in Italian and in English following the approval of the financial results for the period under examination.

Internally, the Investor Relations Officer periodically generated updated Peer Group Analyses, focused on the most important listed real estate companies in Europe, in order to provide management with the means to compare IGD's performance with that of similar companies.
Lastly, four times a year, at the same time as the BoD approved the annual, quarterly and half-year results, an IR Board Report was prepared and presented which:
• summarized the main communication activities carried out and the meetings held regarding Investor Relations,
• provided the Directors with an update as to the changes in the brokers' target prices, and
• indicated IGD's multiples compared with the those of its peers on the basis of consensus estimates.

2.4 SIGNIFICANT EVENTS

Corporate events

Please note that on 7 February 2011 Coop Adriatica scarl and Unicoop Tirreno Società Cooperativa renewed the shareholders' agreement which establishes a voting block of **"IGD"** shares pursuant to Art. 122, paragraphs 1 and 5 lett. A) and B), of Legislative Decree n. 58/1998 (the **"Agreement"**) designed to facilitate the Company's strategic decisions and their management.
The Agreement involves 170,516,129 ordinary IGD shares or 55.140% of the company's share capital (the **"Syndicated Shares"**), of which 157,713,123 or 51% of the share capital are bound by a voting block (the **"Block Shares"**). The agreement will expire on 30 June 2012.
On 9 March 2011 the Board of Directors approved the draft separate and consolidated financial statements for FY 2010 and proposed a dividend of €0.075 per outstanding share.
During the Annual General Meeting held on 20 April IGD's shareholders approved IGD SIIQ S.p.A.'s financial statements for FY 2010, as approved by the Board of Directors on 9 March 2011, and resolved to pay a dividend of €0.075 per share, an increase of 50% with respect to the €0.05 paid in the prior year.
During the Annual General Meeting, once again in ordinary session, IGD's shareholders also authorized the purchase and disposal of treasury shares on one or more occasions up to the maximum permitted by law, in order to pursue the Company's aims as allowed by regulations and market practices recognized by Consob. The authorization to purchase treasury shares will be effective for eighteen months as from the date of the resolution, while there is no time limit on the authorization to dispose of the shares.
During the same meeting, IGD's shareholders also approved the proposed amendments to Articles 2, 11, 12 and 18 of the company's Regulations for Shareholder Meetings (the "Regulations for Shareholder Meetings"), in order to comply with the changes introduced to TUF in Legislative Decree n. 27 of 27 January 2010 in implementation of Directive 2007/36/EC of 11 July 2007 relating to shareholder rights.
In extraordinary session, the shareholders of IGD also approved amendments to Articles 13 and 22 of the corporate by-laws in order to comply, once again, to the changes introduced to Legislative Decree n. 58/2998 ("TUF") in implementation of Directive 2007/36/EC of 11 July 2007 relating to shareholder rights.
Further amendments were made to the corporate by-laws in order to comply with Consob's recent regulations governing transactions with related parties.

Investments and commercial agreements

With regard to the multifunctional project in Livorno, "Porta a Mare", the restructuring of part of Palazzo Orlando was completed in February and the sale of office units for a total of €1.7 million was finalized.
Work was begun on the Piazza Mazzini area and the premarketing of the residential units generated good interest.
In March the IGD Group signed a contract for the purchase of the division responsible for the management of the stores found inside the mall of the "Gran Rondò" Shopping Center in Crema.
A purchase price of €4.9 million was paid, excluding tax and ancillary charges, and management began on 1 April 2011.
In the same month two plots of land, next to freehold properties, were also purchased in order to complete the site where the Chioggia retail park will be built in the future for a total investment of €3.7 million, excluding ancillary charges.
In April, pursuant to the preliminary agreement signed in March 2011, the purchase of a real estate complex on Via Rizzoli, the main shopping street in the historic heart of Bologna, was finalized. The complex, comprised of properties which are adjacent and connected to one another, has a GLA of 2,350 square meters, spread out over three floors, and is already fully rented on the basis of long term commercial leases to two premier retailers: Apple, opened on 17 September, and MelBooks, already present.
The consideration for the transaction amounted to €25 million, plus transfer tax and ancillary charges. The transaction is in line with the new "city center project" strategy included in IGD's Business Plan 2009-2013, updated in November 2010, which provides for the possible acquisition of properties found in the historic centers of some of Italy's most important cities.
At the end of April and in October two different contracts were executed for the purchase of two floors of Edificio 1 (Building 1) of the Bologna Business Park, which currently houses the Group's headquarters. More in detail, the first, definitive contract was for the purchase of the building's second floor, which covers a GLA of 1,222 m² and is rented, in its entirety, on the basis of a long-term contract, to the Hera Group. The purchase price for this acquisition amounted to €3.73 million, in addition to tax and ancillary charges. The second contract, signed on a preliminary basis, was for the purchase of the third and last floor of the building which covers a GLA of 824 m². The purchase price amounts to €3.05 million, in addition to fit-out expenses. This floor will be used, in part, by the IGD Group and, in part, rented to third parties. Following the acquisition of the second and third floors of the complex, which will be added to the ground and first floors where the Group's headquarters are located, the IGD Group will own all of the Bologna Business Park ' s Building 1, found in via Trattati Comunitari Europei 1957-2007, n. 13. The complex has a GLA of 4,030 m², spread out over four floors, and is found inside a modern and efficient business park where the headquarters of pre-

mier lending institutions are located.
At the end of June the IGD Group signed a contract for the purchase of a business division which manages a multiplex cinema, as well as a bar, inside the Centro Sarca Shopping Center, for €3.5 million, in addition to tax.
On 30 June IGD SIIQ S.p.A. signed a contract with Coop Adriatica s.c.a.r.l., a related party, for the sale and subsequent lease of the hypermarket found inside the Conè Shopping Center and Retail Park in Conegliano Veneto.
Following the purchase of the hypermarket IGD, which already owned the retail park and the shopping mall as it was purchased on 22 December 2010, now owns 100% of the Conè Shopping Center and Retail Park.
IGD paid the entire purchase price of €23.5 million, in addition to tax and ancillary charges, upon execution of the definitive contract. Once the sale of the hypermarket was finalized, IGD then leased the property which has a GLA of 9,500 m^2 to Coop Adriatica on the basis of an 18-year lease.
The transaction was completed in accordance with the "Procedure for Related Party Transactions" adopted by IGD Siiq S.p.A. pursuant to Consob Regulation n. 17221 of 12 March 2010, for the content, please refer to the information document made available to the public as well as sent to CONSOB on 29 December 2010.
A new mortgage loan of €16 million was also taken out with Centrobanca when the purchase of the hypermarket was finalized.
In July IGD SIIQ S.p.A extinguished the debt of €23 million payable to Immobiliare Gran Rondò s.r.l. and subsequently cancelled the pledge granted on 30 December 2008 of 10,000,000 ordinary shares and of 15.5 million quotas in Immobiliare Larice to guarantee the delayed payment of the Gran Rondò Mall.
In the same month SIIQ S.p.A. signed an agreement with Ipercoop Sicilia S.p.A. for the purchase and subsequent lease of the portion of the property used for the hypermarket found inside the La Torre Shopping Center in Palermo. The hypermarket has a GLA of 11,200 m^2, 6,000 m^2 of which is covered by the sales area.
Following the acquisition of the hypermarket IGD, which already owned the shopping mall as it was purchased by the Group on 15 June 2010, owns 100% of the La Torre Shopping Center .
The purchase price totalled €36 million, in addition to tax and ancillary charges, which was financed by a mortgage loan of €25 million, while IGD paid the remainder upon stipulation of the definitive contract.

At the end of December a framework agreement was stipulated with the municipality of San Giovanni Teatino relating to urban planning and the expansion of the Centro d'Abruzzo Shopping Center, based on which IGD SIIQ S.p.A. acquired the land, valued at approximately €816 thousand and monetized the estimated value of the secondary urban works of €4,385 thousand. The investment for the year, therefore, amounted to approximately €5,410 thousand, including tax and ancillary charges.

Testimony to the continuous consolidation of the tenant portfolio in Romania, during the year contracts were signed with important chains like Billa – the Rewe Group – and with Drogerie Markt for the opening of two new stores in December 2011, two new supermarkets were opened between the end of 2011 and the beginning of 2012. Agreements for the opening of two more Carrefour supermarkets were also signed.

2.5 THE MARKET SCENARIO

2.5.1 The Real Estate Market

The global market conditions

In the second half of 2011 there was an economic slowdown worldwide, even though the emerging markets continued to grow at a robust pace.
The macroeconomic scenarios call for slower growth over the next two years in the more advanced countries, while comforting growth figures are coming from the emerging markets and the United States.

Table 1: Global market conditions

GDP	OCSE			Consensus Economics	
	2011	2012	2013	2011	2012
World	**3.8**	**3.4**	**4.3**	**-**	**-**
Developed countries					
Euro zone	1.6	0.2	1.4	1.6	-0.3
Japan	-0.3	2.0	1.6	-0.8	1.9
UK	0.9	0.5	1.8	0.9	0.5
USA	1.7	2.0	2.5	1.8	2.2
Emerging countries					
Brazil	3.4	3.2	3.9	2.9	3.2
China	9.3	8.5	9.5	9.2	8.4
India (1)	7.6	7.5	8.4	7.0	7.3
Russia	4.0	4.1	4.1	4.2	3.5
World trade (2)	**6.7**	**4.8**	**7.1**	**-**	**-**

Percentage changes on the previous year.

Source: OCSE, Economic Outlook n. 90, November 2011; Consensus Economics, January 2012 for developed countries, China and India, December 2011 for Brazil and Russia; national statistics.

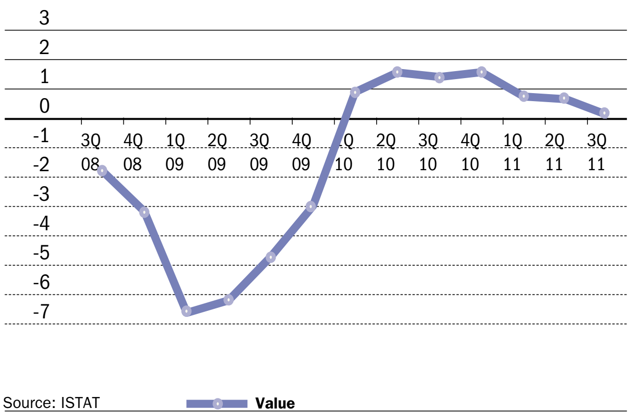
(1) Forecasts of Consensus Economics refer to fiscal year.

(2) Goods and services.

The prospects for the global economy are weighed down by a number of uncertainties linked to putting the public accounts of the advanced economies in order. On the one hand, it is still difficult to quantify the repercussions of the European sovereign debt crisis: the persistent funding difficulties that the European banking sector is encountering could reduce the ability to grant financing which could feed the downward spiral linked to the drop in productivity, the weakness of the financial sector and the sovereign debt risks. On the other hand, in the event the fiscal stimulus measures adopted in the past years are discontinued, the economic growth in 2012 could drop by a few percentage points.

Italy's GDP, after two quarters of being slightly above zero, in the third quarter of 2011 dropped by 0.2 % with respect to the prior period and the preliminary estimate for the fourth quarter calls for a further reduction of 0.7 % (Source: ISTAT data). Even if the preliminary estimate for 2011 shows growth of 0.4 % (Source: ISTAT data), the negative growth recorded in the last two four months of 2011, along with the forecast for negative growth in the first four months of 2012, (at 15 February the growth for 2012 reached 0.6 %) indicate the beginning of a new phase of recession in Italy.

GDP trend in Italy



Source: ISTAT

Table 2: GDP and main components

Items	2010		2011		
	4 Q	(1)	1Q	2Q	3Q
GDP	**..**	**1.5**	**0.1**	**0.3**	**-0.2**
Total imports	4.1	12.7	-2.6	-1.2	-1.1
National demand	0.4	1.7	-0.7	-0.3	-0.9
National consumptions	..	0.6	0.1	0.1	-0.3
- families expense	*0.1*	*1.0*	*..*	*0.1*	*-0.2*
- other expenses	*-0.4*	*-0.5*	*0.4*	*..*	*-0.6*
Gross fixed investments	-0.8	2.4	-0.5	0.1	-0.8
- buildings	*-0.6*	*-4.0*	*-0.4*	*-1.1*	*-1.2*
- other investment goods	*-0.9*	*10.2*	*-0.6*	*1.3*	*-0.5*
Changes in inventories and valuables	0.5	0.7	-0.8	-0.4	-0.5
Total exports	2.7	12.2	0.4	1.0	1.6

Linked quantities and prices; seasonally and working day adjusted data, percentage change on previous period.

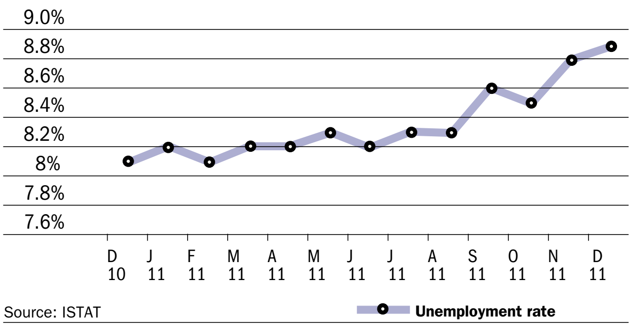
Source: ISTAT

(1) Unadjusted for the number of working days data.
(2) Includes changes in inventories and valuables.
(3) Government and non-profit institutions serving households expenditures.
(4) Contributions to GDP growth over the preceding period, percentage points.

The Italian GDP was impacted, above all, buy the weak domestic demand due to the drop in household consumption (-0.2 %) and in investment (-0.8 %).
In the first part of 2011 inflation in Italy continued to climb reaching a peak of 3.4 % in October, to then close the year at 3.3 % in December. In 2011 Italy's consumer price index rose 2.9 % (Source: Eurostat).

In the latter part of 2011 the increase in indirect taxation slowed the drop in inflation forecast by the Bank of Italy for the second half of 2011. The analysts' 2012 forecasts, reported in Bank of Italy's Bulletin 67, came in at 2.3 % (without, however, taking into consideration the additional increases in indirect taxation approved at the end of 2011). The inflation rate at January 2012 was 3.2 % (Source: ISTAT data), testimony to its gradual decline.
In the spring the financial markets became volatile once again due to the uncertainty about the extent of the international recovery and renewed tensions regarding sovereign debt in the Euro-zone.
In 2011 the 3M and 6M Euribor rates continued to grow reaching their year high in July, a month in which their average monthly levels came in at 1.60 and 1.82 %, to then close December at 1.43 and 1.67 %, respectively.
In Italy, between August and November, the average cost of new financing for businesses jumped to 3.9 %. The average variable rates for home mortgage loans reached 3.3 %, while the granting of new fixed rate mortgages fell by 4.5 %.
The recovery in Italy's unemployment begun in the last quarter of 2010 stopped in the latter part of 2011: in October and November 2011 there was a drop in employment and the unemployment rate at December 2011 reached 8.9%, an increase of +0.8% YoY.
Youth (15-29 years old) unemployment, unfortunately, remains the highest and at the end of December 2011 reached 31%.

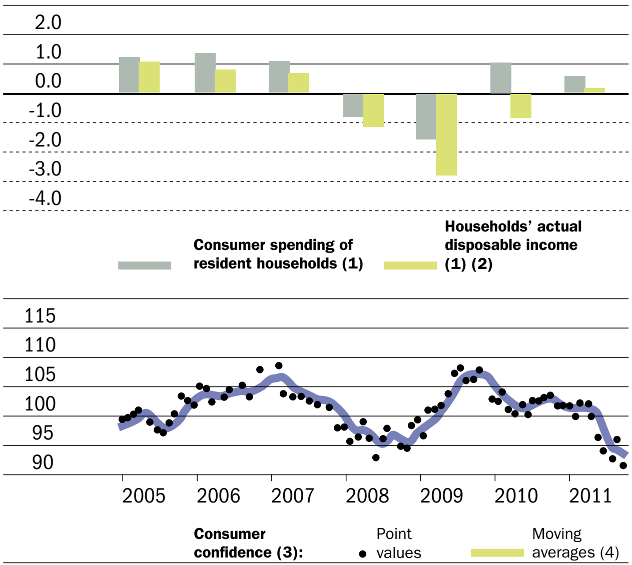
Unemployment rate in Italy



Source: ISTAT

Household consumption fell by 0.2 % in third quarter 2011 with respect to the prior period, after two stagnant quarters. The spending habits reflect a drop in disposable income which, according to ISTAT estimates, in the first nine months of 2011 deteriorated with respect to the prior year. Beginning in summer 2011, consumer confidence dropped considerably and in December reached the lowest level recorded since 2008.

Consumption, income and confidende of italian consumers



Percentage changes and index numbers.

Source: calculations and estimates on ISTAT data

(1) Linked quantities and prices: percentage change over the previous year. Up to 2010 annual data, the figure for 2011 refers to the percentage change in the average of the first nine months over the same period of 2010.

(2) Includes the income of consumer households, of producing families and non-profit institutions serving households (ISSL), deflated by the deflator of consumer spending of resident households and of ISSL
(3) Monthly data seasonally adjusted. Indexes 2005=100
(4) Monthly data: moving averages in 3 months ended in the reference.

Real estate investments and development

In 2011 real estate transactions rose 25% worldwide, with an increase of 60 % in US dollar denominated transactions in the Americas and of 16% in the EMEA region.

Despite the natural disasters, investment in the Asia Pacific region was close to the solid levels recorded in 2010.
In 2011 the number of real estate transactions in Italy reached €4.3 billion, 55 % of which involved retail property deals (equal to €2.33 in absolute terms).
Volumes of retail transactions in 2011 rose 67%, even if many of these transactions involved the closing of very long negotiations begun in the previous year.
In the last quarter of 2011 alone, €584 million were invested in the retail segment and 4 out of the 15 transactions involved shopping centers. The most important of these transactions include the Megalò Shopping Center in Chieti and the Punta di Ferro Shopping Center in Forlì.

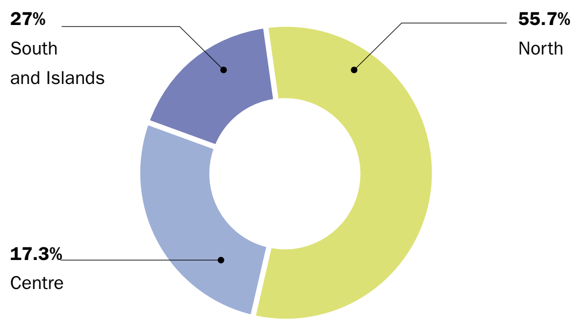
The most important retail transactions in 2011 were:

GDO	City	Date	GLA (mq)	Price (mn/€)	Buyer
C. C. Conè - Hypermarket	Conegliano	Jun-11	9,500	23.5	IGD
Fidenza Shopping Park	Fidenza	Jun-11	26,000	40.0	Cordea Savills
C. C. Via Larga - Iper	Bologna	Mar-11	7,400	31.3	Gruppo NordiConad
Casal Bertone - Shopping mall	Roma	Mar-11	9,830	48.0	Union Investments
C. C. La Torre - Hypermarket	Palermo	Jul-11	11,217	36.8	IGD
Megalò - Shopping mall	Chieti	2H2011	-	140.0	ECE
Punta di Ferro - Shopping mall	Forlì	2H2011	-	110.0	Unipol
Coop supermarket - Various portfolio	-	2H2011	-	49.3	Castello sgr
Il Ducale - Shopping mall	Vigevano	2H2011	-	45.5	Beni Stabili

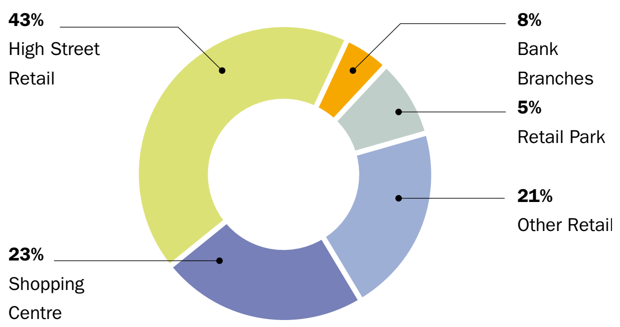
To date in Italy there are 1,051 shopping centers, 115 retail parks and 25 outlets; 58% of these structures are located in northern Italy. In terms of GLA, the shopping centers, retail parks and outlets in Italy cover 18.1 million m², 27% of which is found in regions of southern Italy.

Despite the fairly uncertain economic situation, investors have expressed discrete interest. In Italy between the end of 2010 and the first months of 2011 the interest of private investors increased in both the classic prime shopping centers and the "high street" properties (i.e. Coin in Piazza 5 Giornate, Milan and Zara in Corso Vittorio Emanuele, Milan and the deal involving the Rinascente in Piazza Duomo, Milan in the first part of 2011).

GLA by macroarea (% - 2011)



2011 retail investment volume



Source: CBRE

The retail real estate market in 2011 showed an ever greater net difference between prime and secondary properties and between the country's north and south.
Clearly investors are interested almost exclusively in prime properties in the north, preferably pre-existing and, therefore, the most important in the relative catchment area and with more visible returns when compared to the new complexes where future performance is more uncertain.

The number of retail real estate projects in Italy continues to be good even though the difficulty in obtaining credit is prolonging completion times considerably: in 2011 26 new projects were completed, 17 of which involved shopping centers, for a total GLA of approximately 500 thousand m², while the committed pipeline at the end of 2011 reached about €1 million with an additional potential pipeline for 2012-2014 of 900 thousand m² GLA.
The largest part of the total pipeline for 2012 is found in the northern regions of Italy (49%), followed by the south (34%) and the central regions (17%).

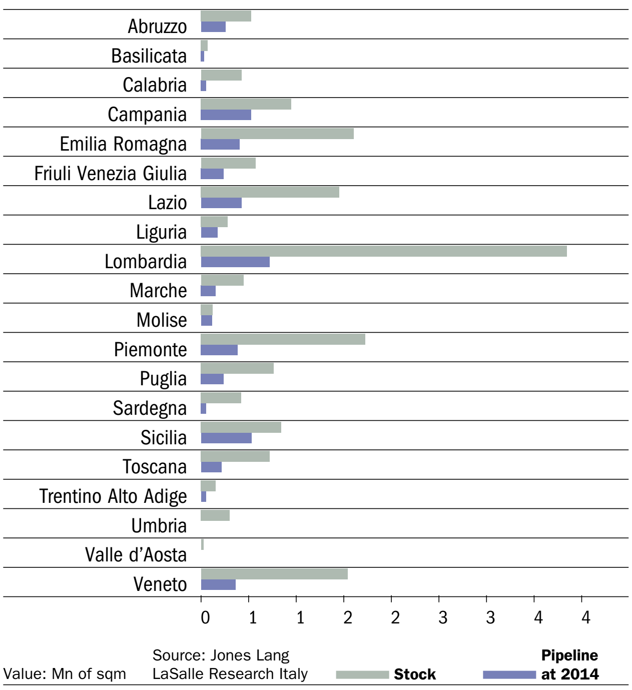
The principal retailers' demand for new spaces continues to be good thanks to the fact that a few international brands still aren't present in Italy or have yet to develop the Italian market sufficiently (for example, the GAP, Hard Rock café, Banana Republic).
As a sufficient number of prime spaces aren't available, the new openings are concentrated in existing shopping centers and in high street locations even if, with regard to the latter category, there is more interest in the largest cities, preferably in northern Italy: Milan, Rome, Florence and Bologna.
The gross yields of prime locations grew in 2011 to 6.25% for shopping centers, while high street yields were largely unchanged at 5.25%. Yields for secondary shopping centers grew to 7.75%.

Romania

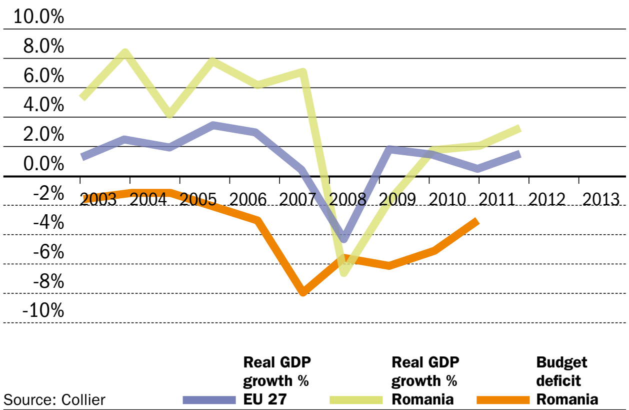
Global market conditions

The Romanian GDP was expected to rise by 1.7 %, and in 2012 it is expected to grow by about 2 %(Source: Eurostat data).

Pipeline by region



Romanian GDP & Budget Deficit

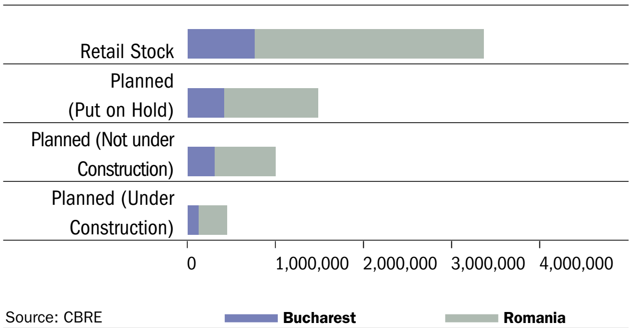


Inflation in 2011 began to fall and at December 2011 reached 5.8% (Source: Eurostat), above the National Bank of Romania's forecast for 2011 of not more than 3 %.
The ron/euro exchange rate at 31 December 2011 was 4.3197.
The unemployment rate continued to be below the European average and at December 2011 reached 7 %(Source: Eurostat).

Consumer trends and the real estate market

In 2011 the stock of shopping centers (including retail parks and outlets) reached a GLA of 2.60 million m2, 230,000 m2 of which pertain to the new GLA that became available only in the second half of 2011; this is the highest level recorded in Romania since 2008 (Source: CBRE data).
The development pipeline in Romania is always very volatile, only 15 % of the committed pipeline of 2 million m2 GLA (approximately 314,000 m2) is under construction.
In 2012 the shopping centers that are expected to be opened include Cora Bacau, Bucharest, Slobozia, Palas Iasi and Itercora, Bucharest.
Other possible openings include the European Retail Park in Deva, AFI Laromet Bucharest in Bucharest and the second phase of the Coliseum Project, Bucharest.
If all of the above mentioned projects were to be completed in 2012 the total new GLA would amount to approximately 200,000 m2.

Retail Stock & Pipeline Bucharest & Romania as at Q4 2011



Source: CBRE

The construction projects are concentrated in Bucharest, the capital, or in the main urban centers (such as Costanza, Craiova, Arad).
Total new GLA is expected to reach approximately 100,000 m2 in the first half of 2012.

Retail schemes uder development Romania (selection)

Retail Scheme	GLA	Developer	City
Maritimo Shopping Center	50,000	Immofinnanz	Constanta
Galleria Arad	29,000	GTC	Arad
ERP Botosani	Aprox, 20,000	BelRom	Botosani
Electroputere Craiova	51,000	Auchan &Bel-Rom	Craiova
Corall Mall	46,000	Cora Romania	Constanta
Baneasa Shopping City-Extension	15,000	Baneasa Investment	Bucharest
Colosseum	58,000	Nova Imobiliare	Bucharest

Source: CBRE

In Romania prime yields of shopping centers were largely unchanged with respect to the prior year coming in at slightly below 9%, while the yields for on-street locations in Bucharest rose slightly to 10.25% .
A positive note came from the activity of the large international retailers, above all in Bucharest.
In 2011 the large international fashion retailers like H&M, Inditex, C&A, New Yorker continued their development with new openings, above all, in Bucharest and in the largest cities in Romania, followed by international food chains like Mega Immage, Profil, Lidl, Carrefour, Cora, Auchan.
With regard to brands, in 2011, new openings included Petit Bateau, Wienerwald, Toy watch, Olivers&Co, Leroy Merlyn, Subway and Toy&joy, as well as the luxury brand Valentino, while Burberry, Escada and Max Mara are expected to open in 2012.

2.5.2 The Real Estate Portfolio

As in prior years, the IGD Group's real estate portfolio is comprised primarily of retail properties in Italy and Romania, as well as of assets under construction which are part of real estate projects underway in Italy.
Beginning with the Half-Year Financial Report at 30 June 2011, the appraisal of the Italian real estate portfolio was split between two independent experts, CB Richard Ellis and Reag.
The Romanian portfolio, as was the case in previous years, was appraised solely by CB Richard Ellis.

The market value of the IGD Group's real estate portfolio at 31 December 2011 was €1,924,645,000.
In 2011 the real estate portfolio grew to include a new class of property referred to as "City Center", which includes commercial property found on the main streets of urban centers. At 31 December 2011 the market value of this class of property reached €27.3 million; at the same date the other classes of property included in the portfolio included: "Hyper and super", found in 8 regions in Italy, with a market value of €537.6 million; "shopping malls and retail parks", found in 11 regions in Italy, with a market value of €1,029.655 million; "other" or miscellaneous properties pertaining to freehold shopping centers in Italy with a market value of €6.89 million; "assets held for trading", relative to the multifunctional project in Livorno, with a market value of €102.4 million; "plots of land", found throughout Italy which are to be used for future expansion and/or new retail projects, with a market value of €42.8 million, and "Winmarkt", a portfolio of 16 properties used primarily for retail purposes found throughout Romania, with a market value of €178 million.

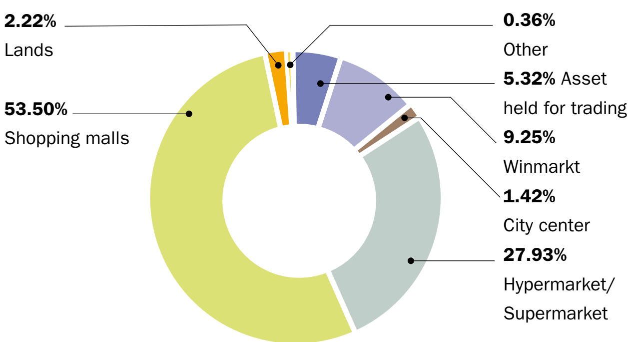
Property cathegory	% portfolio 31/12/2011	Appraiser
Hypermarkets and Supermarkets	13.27%	CBRE
	14.66%	REAG
Shopping Malls	29.86%	CBRE
	23.64%	REAG
City Center	1.42%	CBRE
Other	0.33%	CBRE
	0.02%	REAG
Assets held for trading	5.32%	CBRE
Development and plots of land	1.68%	CBRE
	0.55%	REAG
Winmarkt (Romania)	9.25%	CBRE
	100%	
Total	**61.13%**	**CBRE**
	38.87%	**REAG**
	100%	

Analysis of the freehold assets
Geographical breakdown and composition of the portfolio

In first half 2011 the following properties were added to the IGD Group's real estate portfolio: the hypermarket found in the Coné Shopping Center in Conegliano Veneto, where IGD already owned the shopping mall, which has a GLA of approximately 9,500 m² ; a retail property on Via Rizzoli in the historic heart of Bologna, which has a GLA of approximately 2,500 m² ; the top two floors, which have a GLA of almost 1,340 m², of an office building found in the Centro Direzionale Business Park in Bologna of which Igd already owns the lower floor and where its headquarters are located.
In the second half of 2011 a hypermarket with a GLA of 11,217 m² located in the La Torre Shopping Center in Palermo, which IGD already owned was added to IGD's portfolio, along with a 4,700 m² plot of land in the municipality of San Giovanni Teatino for the expansion of the D'Abruzzo Shopping Center.

The IGD Group's real estate portfolio at 31 December 2011 can be broken down as follows:

Portafoglio break down 31/12/2011

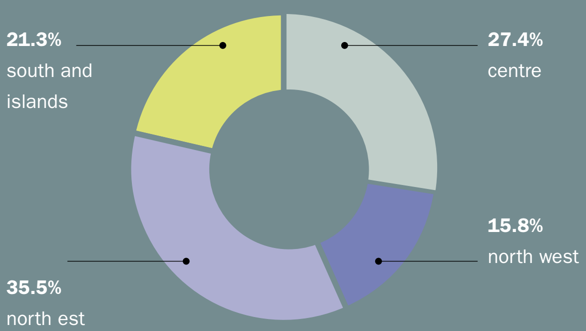


IGD's properties in **Italy** total 51 (including the 50% of the "Darsena" Shopping Center) and can be broken down as follows:
- **19 shopping malls and retail parks**
- **19 hypermarkets and supermarkets**
- **1 city center**
- **4 plots of land for development**
- **1 asset held for trading**
- **7 other**

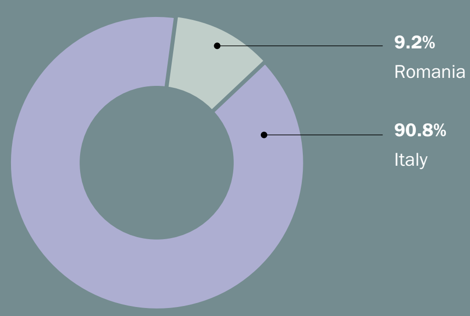
The breakdown of the properties by region and geographical area is shown below:

ITALY

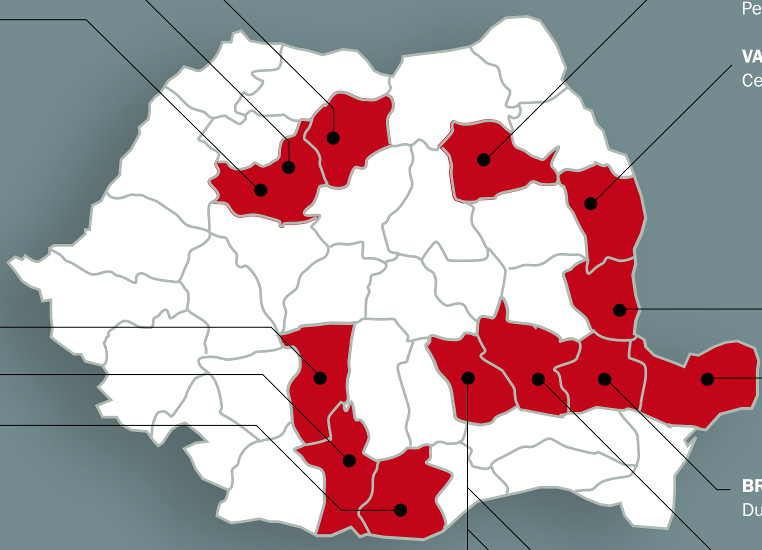
Breakdown by geographic area in Italy at 31/12/2011



Portfolio breakdown Italy and Romania at 31/12/2011



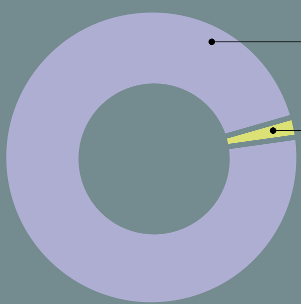
ROMANIA



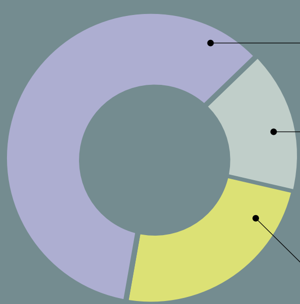
IGD's real estate assets in **Romania** total 16, broken down as follows:

- **15 shopping malls**
- **1 office building**

Romanian portfolio breakdown at 31/12/2011



Geographical distribution of Romanian portfolio at 31/12/2011



ITALY

Analysis by property class

In the first half of 2011 the market value of the IGD Group's real estate portfolio increased. This rise, however, was erased during the second half and the market value returned to levels just slightly below those recorded at the end of 2010.

During the first half of 2011 signs of stabilization and a recovery of the European and Italian markets, albeit weak, boosted consumer confidence and the level of consumption, consequently, seemed to be holding.

In the first half, in a context of moderate optimism, the market value of the IGD Group's like-for-like portfolio rose + 1.31% with respect to the prior half, to which the investments made in the existing portfolio should be added.

In the second half, conversely, when the economic crisis in the Euro-zone worsened and the speculation targeting Italian government securities began in August, the new government, which took office in Fall 2011, enacted measures designed to reduce Italy's debt which included the introduction of a real estate tax (IMU) assessed on the basis of up to 80% of the property's value.

The increased real estate charges had a significant impact on the market value of the properties calculated by the independent experts using the DCF method. With regard to the market value of IGD's real estate portfolio at 31 December 2011, the introduction of IMU eroded all the growth recorded in the first half, excluding the investments made in the existing portfolio, extraordinary maintenance and restyling.

Hypermarkets and supermarkets

The hypermarkets and supermarkets are leased on a long-term basis to Coop Adriatic Scrl, Unicoop Tirreno Scrl and Ipercoop Sicilia. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings.

The perimeter of this class of properties grew in first half 2011 by 9,498 m² of GLA following the purchase of the hypermarket found in the Coné Shopping Center in Conegliano Veneto, which had at market value of €25.1 million 31 December 2011 and which is leased to Coop Adriatica for 18 years.

In the second half of the year the 11,277 m² GLA hypermarket located in La Torre Shopping Cener in Palermo was added to this property class. The asset's market value at 31 December 2011 reached €36.9 million and it is leased to Coop Sicilia for 18 years.

An office unit, which had been classified at 31 December 2010 as "other", was also turned into a technical facility and annexed to the Miralfiore hypermarket.

The total value of the hypermarkets and supermarkets at 31 December 2011 amounted to €537.6 million.

The market value on a like-for-like basis of this class of property rose +1% with respect to 31.12.2010, coming in at €475.6 million.

The increase in value, which was most evident in first half 2011 to then slow in the second half due to the impact of IMU, is primarily attributable to the stability of the revenue and to the expiration of a few lease clauses relative to newly opened hypermarkets, as well as to an increase in rents due to the installation of solar panels.

The occupancy rate is 100%, with an average yield of 6.45% on a like-for-like basis, largely in line with the prior year.

Shopping malls and retail parks

In 2011 the perimeter of this class of property did not change in terms of the number of properties, but it did if the investments made to purchase the business division pertaining to the Gran Rondò Shopping Center in Crema, the multiplex cinema unit in the Sarca Shopping Center, as well as the restyling of the ESP Shopping Mall in Ravenna, are considered.

The market value of the shopping malls reached €1,029,655 million at 31 December 2011, a decrease of 0.52% or €5.41 million with respect to 31 December 2010, to which the acquisitions of the business divisions, restyling and miscellaneous extraordinary maintenance should be added.

The impact of the IMU tax on DCF models and the revised forecasts which point to a slowdown in sales over the coming years eroded the growth posted by this class of property in the first half of 2011.

The gross yield at 31 December 2011 was 6.5%, in line with the prior year.

The financial occupancy rate, the GLA rented, calculated at market rates, expressed as a percentage of the market value of the total GLA rented at market rates, at 31 December 2011 reached 96.52%, a drop of 0.51% with respect to the prior year.

City center

Following the acquisition in April 2011 of the complex, comprised of properties which are adjacent and connected to one another, on Via Rizzoli in downtown Bologna, a new class of property was added to the real estate portfolio which is referred to as "City center".

The complex has a GLA of approximately 2,500 m², spread out over three floors, and is already fully rented on a long term basis to premier retailers (Apple and MelBooks).

The market value of this class of property at 31 December 2011 amounted to €27.3 million with yields at full capacity of 5.62%. The occupancy rate is 100%.

Direct development projects (plots of land)

In 2011 the IGD Group's class of properties "Plots of Land for Development" grew to include a plot of land of with a GSA of approximately 4.700 m² located in the municipality of San Giovanni Teatino which, at 31 December 2011 had a market value of €7 million. The land will be used for the expansion of the Centro d'Abruzzo Shopping Center. A new shopping center is in the process of being built on one of the other three plots of land, while the other two will be used for future expansion of existing shopping centers.

The total market value of this class of property at 31 December 2011 amounted to €42.8 million, an increase of +48.66% with respect to 31 December 2010 due to the expanded perimeter referred to above, the progress of construction work done on the land in Chioggia, as well as the purchase of two other plots of land next to the same land where two midsized stores will be constructed.

Assets held for trading

The assets of Porta Medicea, the developer of the multifunctional project in Livorno, were valued at 31 December 2011 by the independent appraiser CB Richard Ellis at €102.4 million, an increase of 18.12% with respect to the prior year due to the progression of the construction work.

Other

The perimeter of this class of property, which up until 31 December of last year consisted of one store and an office building, plus a wholesale zone and a fitness area pertaining to freehold shopping centers, changed in first half 2011 as an office unit was annexed to the Miralfiore Hypermarket and the almost 1,200 m² portion of the second floor of an office building found in the Centro Direzionale Business Park in Bologna of where IGD's headquarters are located, was purchased. This space is currently rented to the Hera Group, on the basis of a long-term contract which guarantees a yield of 6.47%.
In the second half the purchase of the same office building was completed following the acquisition of the third and last floor, 317 m² GLA of which was leased to Librerie Coop, while the remaining portion is used by IGD for offices. The market value of this class of property at 31 December 2011 amounted to €6.89 million, a decrease like-for-like of -3.46% due primarily to the drop in value of the fitness area located in the Malatesta Shopping Center in Rimini and the office building in P.to Grande.

ROMANIA

The real estate portfolio of the Romanian company Winmarkt is comprised of 15 shopping centers and an office building for a total GLA of 90,244 m². The properties are located in 13 cities in Romania. None of the properties are found in the country's capital, Bucharest.
The total market value of the 16 properties at 31 December 2011 was €178 million, down 1.17% with respect to 31 December 2010 . The 15 shopping malls were valued by the independent appraiser CB Richiard Ellis at €173.7 million, a drop of 1.25% with respect to the prior year. The gross yields of the 15 malls reached 7.57%, a drop of 1.08% with respect to 31 December 2010 as the market value held thanks to the improved occupancy and the decline in the assets' management costs.
The market value at 31 December 2011 of the office building Junior in Ploiesti reached €4.3 million, an increase of 2.38% or €100,000 with respect to 31 December 2010.
The financial occupancy rate, the GLA rented calculated at market rates expressed as a percentage of the market value of the total GLA rented at market rates, at 31 December 2011 reached 88.77%, an improvement of 3.62% with respect to the prior half.

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

Real estate investments IGD Group	Book value 31/12/2011	Acounting method	Market value at 31/12/2011	Date of last appraisal
Hypermarkets and supermarkets	537.60	fair value	537.60	Feb-12
Shopping malls Italy	1,029.66	fair value	1,029.66	Feb-12
City center	27.30	fair value	27.30	Feb-12
Other	6.89	fair value	6.89	Feb-12
Total Italy	**1,601.45**		**1,601.45**	
Shopping malls Romania	173.70	fair value	173.70	Feb-12
Other Romania	4.30	fair value	4.30	Feb-12
Total Romania	**178.00**		**178.00**	
Total IGD Group	**1,779.45**		**1,779.45**	

Direct development initiatives	Book value 31/12/2011	Acounting method	Market value at 31/12/2011	Date of last appraisal
Plots of land and ancillary costs	42.05	adjusted cost	42.80	Feb-12
Total direct development initiatives	**42.05**		**42.80**	

Assets held for trading*	Book value 31/12/2011	Acounting method	Market value at 31/12/2011	Date of last appraisal
Plots of land, buildings and work in progress	94.90	cost	102.40	Feb-12
Consolidation difference	0.28			
Other ancillary costs	0.11			
Assets held for trading	**95.29**	**cost**	**102.40**	

* The figure includes the portion of the retail units classified in the financial statements as works in progress.

2.6 VALUATIONS OF THE INDEPENDENT EXPERTS

CBRE

CBRE VALUATION S.P.A.
Via del Lauro 5/7
20121 Milano

Tel +39 02 655 670 1
Fax +39 02 655 670 50

Milan, February 13th 2012

I.G.D.
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari
Europei 1957-2007, n.13
40127 Bologna (BO)

CONTRACT N. 5557; N. 5558

Valuation certificate of the assets owned by IGD SIIQ Spa at 31/12/2011

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of owned and operating Shopping Galleries, Hypermarkets, Supermarket, retail and office portions and land lots . The scope of the subject work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio.

Italian Portfolio :

RIF	ASSET	KIND OF ASSET	ADDRESS	TOWN	PROV.
3	ESP	Gallery + Hyper	Via Marco Bussato, 74	Ravenna	RA
4	BORGO	Gallery + Hyper	Via M.E. Lepido, 184	Bologna	BO
5	Iper LAME	Hypermarket	Via Marco Polo, 3	Bologna	BO
6	Iper LEONARDO	Hypermarket	Viale Amendola, 129	Imola	BO
7	Iper LUGO	Hypermarket	Via Concordia, 36	Lugo di Ravenna	RA
10	Super AQUILEJA	Supermarket	Via Aquileja, 110 - 112	Ravenna	RA
14	Iper MALATESTA	Hypermarket	Via Emilia, 150	Rimini	RN
21	LE MAIOLICHE	Gallery + Hyper	Via Bisaura, 1/3	Faenza	RA
15	MILLENNIUM (Subsidiary)	Gallery	Via del Garda, 175	Rovereto	TN
16	SARCA (Subsidiary)	Gallery	Via Milanese, snc	Sesto San Giovanni	MI
17	MONDOVICINO	Gallery + Retail Park	Strada Vicinale Cassanio "Cascina Viotto"	Mondovì	CN
18	LUNGO SAVIO	Gallery	Via Jemolo, 110	Cesena	FC
19	GRAN RONDO'	Gallery	Via G. La Pira, 12	Crema	CR
23	I BRICCHI	Gallery	Via del Prato Boschiero, località Molini	Isola D'Asti	AT
10	Negozio AQUILEJA	Shop	Via Aquileja, 110 - 112	Ravenna	RA
14	Area ingrosso MALATESTA	Shop	Via Emilia, 150	Rimini	RN
14	Area fitness MALATESTA	Shop	Via Emilia, 150	Rimini	RN
25	CONE'	Gallery, Hyper, Retail Park	Via San Giuseppe/Viale Italia	Conegliano Veneto	TV
27	DARSENA CITY	Gallery	Via Darsena 73	Ferrara	FE
28	Via Rizzoli 16/18- Bologna	High Street Retail	Via Rizzoli 16/18	Bologna	BO
29	Bologna - Uffici (Hera)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
30	Bologna – Uffici (Librerie Coop)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
3	Ampliamento Centro Esp	Land lot	Via Marco Bussato, 74	Ravenna	RA
24	Terreno in Chioggia	Land lot	Località Brondolo	Chioggia	VE
LIV	Terreno in Livorno	Land lot	Via del Molo Mediceo	Livorno	LI

Winmarkt Portfolio - Romania, consisting in 16 assets

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2011 on the basis of the criteria expressed herein.

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. Specifically, we have been provided with:

- Details regarding the leasing status of each unit at the date of valuation;
- Turnover data and variable rent received;
- Other income related to temporary lettings;
- Sales area and gross area, both related to existing assets or buildings under construction;
- Property tax, insurance, service charges of each asset.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Standards, Seventh Edition,* on the basis of "Market Value" which is defined as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically the criteria we applied to the different asset types are the following:

Shopping galleries, Hypermarkets, Supermarkets, retail and office portions:

- Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.

Land sites for new constructions or enlargement of the existing ones:

- Conversion/Transformation method, based on the discount, at the date of valuation, of the cash flows (deriving from rental incomes after completion of works) calculated over a period corresponding to the completion of works on the site in order to be fully operating, (cash flows are the results of the difference between incomes and costs) so the market value is the difference between the market value of the transformed area and the costs of development. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at an appropriate market capitalisation rate relating to investments similar to that in question, deducting costs required to the enlargement at valuation date.

LIMITATIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows.

CBRE

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.
- The Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions.
- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.
- No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.
- All data relating to the progress of construction works have been supplied to us by the Client.
- Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined all the deeds, leases or other documents relating thereto.
- Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.
- We have not measured the Property but have relied upon the floor areas provided.

VALUATION

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out in the report, we are of the opinion that the current market value of the properties owned by IGD SIIQ SpA as at 31st December 2011 is:

Market Value Euro 1.176.565.000,00 (One Billion One Hundred Seventy-Six Million Five Hundred Sixty-Five Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis, which mostly affected the western Countries, continues to generate stagnation in real estate transactions. The climate of great uncertainty causes the immobilization of the few active operators, which generates the lack of evidence to estimate the actual adjustment of market values. Although such adjustment does not seem to be dramatic yet, we cannot exclude that this may take place in the next future, if recession is confirmed and the negative sentiment consolidates. We would therefore recommend, especially when the valuation is the basis for action, to pay attention to the factors that have been assumed and to their volatility since the date of valuation.

Yours faithfully

CBRE VALUATION S.p.A.

Francesco Abba Legnazzi
(Managing Director)

CBRE

CBRE VALUATION S.P.A.
Via del Lauro 5/7
20121 Milano

Tel +39 02 655 670 1
Fax +39 02 655 670 50

Milan, February 13th 2012

I.G.D.
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari
Europei 1957-2007, n.13
40127 Bologna (BO)

CONTRACT N. 5557-5558

Valuation certificate of the properties owned by IGD SIIQ Spa at 31/12/2011 – excluding land lots but including Winmarkt Portfolio in Romania and business agreements owned by subsidiary companies

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of the following assets owned by IGD SIIQ SpA:

Portfolio Italia:

RIF	ASSET	KIND OF ASSET	ADDRESS	TOWN	PROV.
3	ESP	Gallery + Hyper	Via Marco Bussato, 74	Ravenna	RA
4	BORGO	Gallery + Hyper	Via M.E. Lepido, 184	Bologna	BO
5	Iper LAME	Hypermarket	Via Marco Polo, 3	Bologna	BO
6	Iper LEONARDO	Hypermarket	Viale Amendola, 129	Imola	BO
7	Iper LUGO	Hypermarket	Via Concordia, 36	Lugo di Ravenna	RA
10	Super AQUILEJA	Supermarket	Via Aquileja, 110 - 112	Ravenna	RA
14	Iper MALATESTA	Hypermarket	Via Emilia, 150	Rimini	RN
21	LE MAIOLICHE	Gallery + Hyper	Via Bisaura, 1/3	Faenza	RA
15	MILLENNIUM (Società controllata)	Gallery	Via del Garda, 175	Rovereto	TN
16	SARCA (Società controllata)	Gallery	Via Milanese, snc	Sesto San Giovanni	MI
17	MONDOVICINO	Gallery + Retail Park	Strada Vicinale Cassanio "Cascina Viotto"	Mondovì	CN
18	LUNGO SAVIO	Gallery	Via Jemolo, 110	Cesena	FC
19	GRAN RONDO'	Gallery	Via G. La Pira, 12	Crema	CR
23	I BRICCHI	Gallery	Via del Prato Boschiero, località Molini	Isola D'Asti	AT
10	Negozio AQUILEJA	Shop	Via Aquileja, 110 - 112	Ravenna	RA
14	Area ingrosso MALATESTA	Shop	Via Emilia, 150	Rimini	RN
14	Area fitness MALATESTA	Shop	Via Emilia, 150	Rimini	RN
25	CONE'	Gallery, Hyper, Retail Park	Via San Giuseppe/Viale Italia	Conegliano Veneto	TV
27	DARSENA CITY	Gallery	Via Darsena 73	Ferrara	FE
28	Via Rizzoli 16/18- Bologna	High Street Retail	Via Rizzoli 16/18	Bologna	BO
29	Bologna - Uffici (Hera)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
30	Bologna – Uffici (Librerie Coop)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO

Winmarkt Portfolio - Romania, consisting in 16 assets.

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2011 on the basis of the criteria expressed herein.

Sede Legale e Amministrativa: Via del Lauro 5/7, 20121, Milano T +39 02 6556 701 F +39 02 6556 70 50
Sedi Secondarie: Via L. Bissolati 20, 00187, Roma T +39 06 4523 8501 F +39 06 4523 8531
Palazzo Paravia P.zza Statuto 18, 10122 Torino T +39 011 2272 901 F +39 011 2272 905
iscriz. reg. imprese presso c.c.i.a.a. n.04319600153 cod. fisc./partita i.v.a. 04319600153 cap. soc. €500.000 i.v.
c.c.i.a.a. Milano 1004000
Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. Specifically, we have been provided with:

- Details regarding the leasing status of each unit at the date of valuation;
- Turnover data and variable rent received;
- Other income related to temporary lettings;
- Sales area and gross area, both related to existing assets or buildings under construction;
- Property tax, insurance, service charges of each asset.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Standards, Seventh Edition,* on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically the criteria we applied to the different asset types are the following:

- Market Value of operating shopping galleries, Hypermarkets and Supermarkets;
- Market Value of office and retail portions;
- Market Value of the leasehold interest of the shopping gallery whose business lease is held by a subsidiary company.

The criterion applied to the above listed assets is the:

- Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.

LIMITATIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows.

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.
- The Properties possess a good and marketable title free from any onerous or hampering

restrictions or conditions.

- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.
- No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.
- Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined all the deeds, leases or other documents relating thereto.
- Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.
- We have not measured the Property but have relied upon the floor areas provided.

VALUATION

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out in the report, we are of the opinion that the current market value of the properties owned by IGD SIIQ SpA as at 31st December 2011, listed in the introduction is:

Asset owned by IGD + WINMARKT:
Market Value Euro 1.041.865.000,00
(One Billion Forty-One Million Eight Hundred Sixty-Five Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis, which mostly affected the western Countries, continues to generate stagnation in real estate transactions. The climate of great uncertainty causes the immobilization of the few active operators, which generates the lack of evidence to estimate the actual adjustment of market values. Although such adjustment does not seem to be dramatic yet, we cannot exclude that this may take place in the next future, if recession is confirmed and the negative sentiment consolidates. We would therefore recommend, especially when the valuation is the basis for action, to pay attention to the factors that have been assumed and to their volatility since the date of valuation.

Yours faithfully

CBRE VALUATION S.p.A.
Francesco Abba Legnazzi
(Managing Director)

3

CBRE

REAG Real Estate Advisory Group SpA
a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB - Italy
Tel. +39 039 6423.1
Fax +39 039 6058427
italy@reag-aa.com

Sede Legale
Via Monte Rosa, 91
20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152

Agrate Brianza, 16 February 2012

Pos. n° 6443.05

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, no. 13

40127 Bologna

For the attention of Mr. Roberto Zoia

Determination of the Market Value at 31 December 2011 of a real estate portfolio located in Italy, comprising 12 commercial properties and 2 real estate projects, indicated as owned by IGD SIIQ S.p.A.

Dear Sirs,

In compliance with your terms of engagement, REAG – Real Estate Advisory Group S.p.A. (hereinafter "REAG") has carried out an appraisal of the above real estate portfolio, indicated as owned by IGD SIIQ S.p.A. (hereinafter the "Client"), in order to determine the Asset by Asset Market Value at 31 December 2011.

The valuation was carried out based on the following assumptions:

- disposal of each Property/Real Estate Project as a whole, considering their letting status at the appraisal date.

REAL ESTATE ADVISORY GROUP

Definitions

The terms listed below shall have the following meaning in this Report, unless otherwise indicated in the Report itself. For the definition of all other technical and/or legal terms contained in this report, please refer to the Italian Civil Code and related laws, or to the commonly used meaning.

"Real Estate Portfolio" (hereinafter the "Portfolio") denotes the collection of real estate (land, buildings, fixed installations and external building work) covered by the Valuation, with the express exclusion of any other different assets, including movable assets and intangible assets, and indicates the entire group of "Properties" being appraised.

"Property" (hereinafter the "Property") denotes the real estate (land, buildings, fixed installation, external building work) being appraised, with the express exclusion of any other different assets, including movable assets and intangible assets.

"Real Estate Project" denotes the difference between revenues and costs (direct + indirect, excluding the cost of land and the developer's profit) of the real estate project relating to the property, over the period corresponding to its duration. The Project Value is the Net Present Value (NPV) at the date of estimating the above difference.

"Valuation" denotes the opinion of the "(….) value at a property's valuation date. Unless limitations are agreed in the terms of engagement, the opinion will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation" (RICS Valuation Standards, Italian edition, 1 March 2009)..

"**Market Value**" denotes "(...) the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".(RICS Valuation Standards, Italian edition, 1 March 2009).

"**Market Rent**" denotes "(…) the estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". (RICS Valuation Standards, Italian edition, 1 March 2009).

Valuation methods

The asset by asset valuation of the entire portfolio has been performed with reference to the terms and conditions contained in draft property and business lease agreements and the individual rent rolls provided by the owner, reflecting the rental status in December 2011.

As agreed with the Client, REAG has conducted the valuation of the shopping malls indicated as part hypermarket part shopping arcade, by performing a virtual separation of the individual properties into two distinct entities (hypermarket and arcade), for which two distinct valuations have then been prepared using specific assumptions and valuation methods. The development method has been adopted for the valuation of the real estate development projects (San Benedetto del Tronto and extension of the San Giovanni Teatino Shopping Center).

When conducting the valuation REAG has adopted generally accepted methods and principles, using in particular the "valuation methods" described below.

- *For the shopping malls, hypermarkets, Pesaro store and office building in San Benedetto del Tronto:*

  - **Comparative or Market Method,** based on a comparison between the Property and other similar properties recently sold or currently offered on the same or competing markets.

  - **Income Method:** which uses two different approaches:
    1. Direct Capitalization: based on capitalizing, at an applicable market rate, the future net income generated by the Property.
    2. Discounted Cash Flow Method, based:
       a) on determining the Property's future net rental income for a period of "n" years;
       b) on determining the Property's Market Value by capitalizing the final year's net rental income in perpetuity;
       c) on discounting net cash flows to present value at the valuation date.

- *The Real Estate Projects relating to the land under development in San Benedetto del Tronto and at the Abruzzi shopping mall in San Giovanni Teatino have been valued using the following method:*

  - **Development Method:** based on discounting to present value at the valuation date the cash flows generated by the real estate project over the period corresponding to its duration.
    This method is associated with a discounted ***cash flow model*** based on a development project defined in buildable quantities, intended use, conver-

REAG S.p.A. per IGD - Immobiliare Grande Distribuzione S.p.A. 4
Rif. N. 6443,05 – Lettera Valori – 31 dicembre 2011

sion costs and sustainable revenues. In other words, a cost/revenue analysis is used to determine the **Market Value** of the Property being appraised. The model comprises a pattern of cash inflows and outflows for the real estate development project. Cash outflows comprise the costs of construction, demolition, urban development, design, works management, real estate developer's profit and any other costs; cash inflows comprise revenues from the sale of properties for their intended uses.

The allocation of these costs and revenues over time produces a pattern of cash flows, net of the developer's profit, that is discounted to present value using an appropriate discount rate that represents the cost of capital. The cost of capital must take into account:

- the percentages of equity and debt financing (financial structure);
- the rates on risk-free investments with a similar duration to the development project;
- the corrective spread to these rates (illiquidity risk, country risk, project risk and zoning risk);
- the cost of debt financing.

Revenues and costs are in a constant currency and positioned at the time in which they occur.

In order for the value determined using the Development Method to be identified with Market Value, the economic transaction associated with the development must refer to an "ordinary" property developer. An "ordinary" property developer is one with "normal" technical and organizational capabilities, meaning one that undertakes an economic transaction with identical or very similar revenues and costs to those that the majority of property developers would have for the same transaction.

Any other type of property developer that was not "ordinary" might have higher or lower income, thus affecting the Market Value.

In addition, REAG:

- carried out site inspections at the Catania, Palermo, Livorno, Rome and Guidonia shopping centers in January 2012 to obtain, in addition to the information provided by the Client, all the data (such as building size, construction quality, condition and maintenance etc.) needed to prepare the valuations. REAG has not carried out any site inspections of the other properties but has relied on the information already in its possession and on that provided by the Client;

- has analyzed the conditions of the local real estate market, taking into account local economic data and adapting it to the specific characteristics of the Property using appropriate statistical techniques;

- has used the figures on property size, derived from documentation provided by the Client;

- has considered the model draft lease agreement, the individual amounts of the rents as rent roll and the related contractual terms (duration, insurance costs, maintenance costs etc.) provided by the Client;

- has determined the Market Value of the Properties on the assumption of full and optimal use, and therefore considering only those technical, legally permitted and financially viable uses that are potentially capable of maximizing the value of the Properties;

- has considered the existing letting status at the date of appraisal, as communicated by the Client.

REAL ESTATE ADVISORY GROUP

Contents of the Report

The present volume, known as "Volume 0", contains the final report on the conclusions reached by REAG and comprises:

- General letter of introduction to the work, which identifies the properties, describes the type of investigation performed, and presents and certifies the valuation opinion;
- Assumptions and limitations of the valuation;
- General terms of engagement.

Conclusions

REAG has reached its conclusions based on the results obtained after completing all the following steps:

- site inspections of the Properties;
- collection, selection, analysis and evaluation of the data and documents relating to the Properties;
- conduct of appropriate market research;
- technical and financial calculations;

and on the basis of the valuation methods and principles indicated above.

Everything stated and considered

it is our opinion that the asset by asset **Market Value** of the stated Properties (Properties and Real Estate Projects) at 31 December 2011 can be reasonably estimated as follows:

	TOWN	PROVINCE	PROPERTY	TYPE
5	SAN BENEDETTO DEL TRONTO	AP	C.C. PORTO GRANDE	HYPERMARKET + MALL
5	SAN BENEDETTO DEL TRONTO	AP	C.C. PORTO GRANDE	OFFICE BUILDING
5		AP	C.C. PORTO GRANDE	DEVELOPMENT
6	LIVORNO	LI	C.C. LE FONTI DEL CORALLO	HYPERMARKET + MALL
7	ROMA	RM	C.C. CASILINO	HYPERMARKET + MALL
8	GUIDONIA MONTECELIO	RM	C.C. TIBURTINO	HYPERMARKET + MALL
10	PESARO	PU	Iper MIRALFIORE	HYPERMARKET + MALL
10	PESARO	PU	Iper MIRALFIORE	STORE
11	CESANO DI SENIGALLIA	AN	Iper MAESTRALE	HYPERMARKET + MALL
13	SAN GIOVANNI TEATINO	CH	C.C. CENTRO D'ABRUZZO	HYPERMARKET + MALL
13	SAN GIOVANNI TEATINO	CH	C.C. CENTRO D'ABRUZZO	DEVELOPMENT
14	AFRAGOLA	NA	C.C. LE PORTE DI NAPOLI	HYPERMARKET + MALL
22	GRAVINA DI CATANIA	CT	CC KATANE'	HYPERMARKET + MALL
23	PALERMO	PA	CC LA TORRE	HYPERMARKET + MALL

Euro 748,080,000.00

(seven hundred forty-eight million eighty thousand euros and zero cents)

REAG - Real Estate Advisory Group S.p.A.
Signed
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed
Piercarlo Rolando
General Manager
Investment & Advisory Division

REAG S.p.A. per IGD - Immobiliare Grande Distribuzione S.p.A.
Rif. N. 6443,05 – Lettera Valori – 31 dicembre 2011 8

REAG Real Estate Advisory Group SpA
a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB - Italy
Tel. +39 039 6423.1
Fax +39 039 6058427
italy@reag-aa.com

Sede Legale
Via Monte Rosa, 91
20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152

Agrate Brianza, 16 February 2012

Pos. n° 6443.05

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, no. 13

40127 Bologna

For the attention of Mr. Roberto Zoia

Determination of the Market Value at 31 December 2011 of the real estate portfolio comprising 12 commercial properties located in Italy, indicated as owned by IGD SIIQ S.p.A., excluding the real estate projects located in San Benedetto del Tronto and San Giovanni Teatino

Dear Sirs,

In compliance with your terms of engagement, REAG – Real Estate Advisory Group S.p.A. (hereinafter "REAG") has carried out an appraisal of the above real estate portfolio, indicated as owned by IGD SIIQ S.p.A. (hereinafter the "Client"), in order to determine the Asset by Asset Market Value at 31 December 2011.

The valuation was carried out based on the following assumptions:

- disposal of each Property/Real Estate Project as a whole, considering their letting status at the appraisal date.

REAL ESTATE ADVISORY GROUP

Definitions

The terms listed below shall have the following meaning in this Report, unless otherwise indicated in the Report itself. For the definition of all other technical and/or legal terms contained in this report, please refer to the Italian Civil Code and related laws, or to the commonly used meaning.

"Real Estate Portfolio" (hereinafter the "Portfolio") denotes the collection of real estate (land, buildings, fixed installations and external building work) covered by the Valuation, with the express exclusion of any other different assets, including movable assets and intangible assets, and indicates the entire group of "Properties" being appraised.

"Property" (hereinafter the "Property") denotes the real estate (land, buildings, fixed installation, external building work) being appraised, with the express exclusion of any other different assets, including movable assets and intangible assets.

"Valuation" denotes the opinion of the "(….) value at a property's valuation date. Unless limitations are agreed in the terms of engagement, the opinion will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation" (RICS Valuation Standards, Italian edition, 1 March 2009) .

"Market Value" denotes "(...) the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". (RICS Valuation Standards, Italian edition, 1 March 2009).

"Market Rent" denotes "(…) the estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". (RICS Valuation Standards, Italian edition, 1 March 2009).

Valuation methods

The asset by asset valuation of the entire portfolio has been performed with reference to the terms and conditions contained in draft property and business lease agreements and the individual rent rolls provided by the owner, reflecting the rental status in December 2011.

As agreed with the Client, REAG has conducted the valuation of the shopping malls indicated as part hypermarket part shopping arcade, by performing a virtual separation of the individual properties into two distinct entities (hypermarket and arcade), for which two distinct valuations have then been prepared using specific assumptions and valuation methods.

When conducting the valuation REAG has adopted generally accepted methods and principles, using in particular the "valuation methods" described below.

- *For the shopping malls, hypermarkets, Pesaro store and office building in San Benedetto del Tronto:*
  - **Comparative or Market Method,** based on a comparison between the Property and other similar properties recently sold or currently offered on the same or competing markets.

- **Income Method:** which uses two different approaches:
  1. Direct Capitalization: based on capitalizing, at an applicable market rate, the future net income generated by the Property.
  2. Discounted Cash Flow Method, based:
     a) on determining the Property's future net rental income for a period of "n" years;
     b) on determining the Property's Market Value by capitalizing the final year's net rental income in perpetuity;
     c) on discounting net cash flows to present value at the valuation date.

In addition, REAG:

- carried out site inspections at the Catania, Palermo, Livorno, Rome and Guidonia shopping malls in January 2012 to obtain, in addition to the information provided by the Client, all the data (such as building size, construction quality, condition and maintenance etc.) needed to prepare the valuations. REAG has not carried out any site inspections of the other properties but has relied on the information already in its possession and on that provided by the Client;

- has analyzed the conditions of the local real estate market, taking into account local economic data and adapting it to the specific characteristics of the Property using appropriate statistical techniques;

- has used the figures on property size, derived from documentation provided by the Client;

- has considered the model draft lease agreement, the individual amounts of the rents as rent roll and the related contractual terms (duration, insurance costs, maintenance costs etc.) provided by the Client;

- has determined the Market Value of the Properties on the assumption of full and optimal use, and therefore considering only those technical, legally permitted and financially viable uses that are potentially capable of maximizing the value of the Properties;

- has considered the existing letting status at the date of appraisal, as communicated by the Client.

Contents of the Report

The present volume, contains the final report on the conclusions reached by REAG and comprises:

- General letter of introduction to the work, which identifies the properties, describes the type of investigation performed, and presents and certifies the valuation opinion;
- Assumptions and limitations of the valuation;
- General terms of engagement.

Conclusions

REAG has reached its conclusions based on the results obtained after completing all the following steps:

- site inspections of the Properties;
- collection, selection, analysis and evaluation of the data and documents relating to the Properties;
- conduct of appropriate market research;
- technical and financial calculations;

and on the basis of the valuation methods and principles indicated above.

<u>Everything stated and considered</u>

it is our opinion that the asset by asset Market Value of the stated Properties (Properties and Real Estate Projects) at 31 December 2011 can be reasonably estimated as follows:

	TOWN	PROVINCE	PROPERTY	TYPE
5	SAN BENEDETTO DEL TRONTO	AP	C.C. PORTO GRANDE	HYPERMARKET + MALL
5	SAN BENEDETTO DEL TRONTO	AP	C.C. PORTO GRANDE	OFFICE BUILDING
5		AP	C.C. PORTO GRANDE	DEVELOPMENT
6	LIVORNO	LI	C.C. LE FONTI DEL CORALLO	HYPERMARKET + MALL
7	ROMA	RM	C.C. CASILINO	HYPERMARKET + MALL
8	GUIDONIA MONTECELIO	RM	C.C. TIBURTINO	HYPERMARKET + MALL
10	PESARO	PU	Iper MIRALFIORE	HYPERMARKET + MALL
10	PESARO	PU	Iper MIRALFIORE	STORE
11	CESANO DI SENIGALLIA	AN	Iper MAESTRALE	HYPERMARKET + MALL
13	SAN GIOVANNI TEATINO	CH	C.C. CENTRO D'ABRUZZO	HYPERMARKET + MALL
13	SAN GIOVANNI TEATINO	CH	C.C. CENTRO D'ABRUZZO	DEVELOPMENT
14	AFRAGOLA	NA	C.C. LE PORTE DI NAPOLI	HYPERMARKET + MALL
22	GRAVINA DI CATANIA	CT	CC KATANE'	HYPERMARKET + MALL
23	PALERMO	PA	CC LA TORRE	HYPERMARKET + MALL

Euro 737,580,000.00
(seven hundred thirty-seven million five hundred eighty thousand euros and zero cents)

REAG - Real Estate Advisory Group S.p.A.
Signed
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed
Piercarlo Rolando
General Manager
Investment & Advisory Division

2.7 THE SIIQ REGULATORY ENVIRONMENT

The special SIIQ regime was introduced under Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (the 2007 budget law).
The regulatory framework was completed when the Ministry of Economics and Finance issued the **Founding Law** as Regulation n. 174/2007 which was subsequently interpreted by the Tax Office in Bulletin n. 8/E issued on 31 January 2008.
Subsequently, pursuant to Art. 12 of Legislative Decree n. 135 dated 25 September 2009 a new paragraph, 141-*bis*, of Art. 1 of Law n. 296 dated 27 December 2006, was introduced eliminating the Italian residency requirement for the companies that intend to participate in the SIIQ regime. Further reference was made in this regard in the Tax Board's Resolution n. 136 of 27 December 2010.
Based on the above mentioned norms and regulations and common practice, the requirements for eligibility under the special regime, to date, are the following:

Subjective requirements
- must be a joint stock company
- must reside in Italy for tax purposes or, with regard to companies with stable real estate businesses in Italy, in one of the countries member of the European Union and party to the agreement to create a single European economic zone as indicated in the list appended to the decree issued by the Ministry of Treasury and Finance as per paragraph 1 of Art. 168-*bis* of the Uniform Income Tax Act
- shares must be traded on a regulated market

Statutory requirements
- rules must be adopted which regulate investments
- limits on the concentration of investment and counterparty risk must be provided for
- limits on the maximum financial leverage permitted must be provided for.

Ownership requirements
- a single shareholder may not hold more than 51% of the company, the so-called **"Control limit".**
- at least 35% of the float must be held by shareholders who hold less than 2% of the voting rights exercisable in ordinary Shareholders' Meetings and less 2% of the dividend rights, the so called **"Float requisite".**

Objective requirements
- freehold rental properties must make up 80% of the real estate assets, the so-called **"Asset Test"**
- revenue from rental activities must total at least 80% of the positive entries in the income statement, the so-called **"Profit Test"**.

The primary characteristic of this special regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.

Given the fact that income generated by the SIIQ is subject to income tax solely when distributed to shareholders, the law requires that at least 85% of the rental income must be distributed.
With regard to the verification of eligibility, based on the Founding Law the subjective, statutory and ownership requisites must be met before the option is exercised while the verification of the objective requisites is done after the close of the financial statements for the year in which the option was exercised.
In April 2008, once it was clear that all the subjective, statutory and ownership requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.
Furthermore, for the purposes of SIIQ status, the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets, the real property rights on same, the plots of land and the value for tax purposes at the end of the fiscal year, are subject to IRES (corporate income tax) and IRAP (regional business tax) at a tax rate of 20 per cent (the Entry Tax).
Pursuant to paragraph 128, Art. 1 of the Founding Law, IGD opted to pay the Entry Tax of €30,797,217 in five yearly installments.
The payment of each installment coincides with the deadline for IRES payments related to the prior tax period. The installments subsequent to the payment of the first installment will be paid with the interest matured calculated based on the discount rate plus one basis point.
Below is the forecast payment schedule (without interest):

Forecast payment schedule	16/06/2012
Payment	6,159,443

As mentioned above, pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes at least 85% of same. In this regard, on 20 April 2011 the Shareholders' Meeting approved payment of a dividend totalling €22,370,451 for 2010 and the earnings distributed were generated entirely by exempt operations and amounted to not less than 85% of the earnings from these operations that were distributable.

Based on the parent company's financial statements at 31.12.2011 both the asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenue from the rental of freehold properties or other property rights rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

Disclosure regarding compliance with corporate by-law requirements
(art. 3, p. 2, ministerial decree n. 174 of 7 july 2007)

With regard to the requirements related to corporate by-laws, please note the following.
With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's by-laws that:
- *the Company shall not, either directly or through its subsidiaries, invest more than 30 percent of its assets in a single property with urban and functional characteristics, except in the case of development plans covered by a single planning scheme, where portions of the property are covered by individual, functionally independent building permits, or equipped with urban works that are sufficient to guarantee connection to public services;*

The Company did not invest, either directly or through its subsidiaries, more than 30% of its assets in a single property with urban and functional characteristics.
With regard to the limits on the concentration of investment and counterparty risk, it is expressly provided in Art. 4.3 lett. ii) of the Company's by-laws that:
- *"income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income".*

The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income.
With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's by-laws that:
- *"the maximum permitted financial leverage, at a company or group level, is 85 percent of equity".*

Financial leverage, either at the group or single level, never exceeded 85% of equity.

2.8 ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

In 2011, despite the difficult economic environment, the Group reinforced its structure increasing its staff with respect to the prior year, in order to further develop the network and to meet technical/organizational needs.

Organizational structure

The following **headquarter departments** expanded during the year:
- **marketing,** following the creation of two new roles: operational marketing and market analysis;
- **treasury,** which took over the complete management of the payment systems (previously done in outsourcing byCoop Adriatica), which impacted also impacted the accounting department and resulted in the addition of two more operational positions;
- **asset management,** a new operational role was added following the transfer of a staff member from the commercial division.

The **commercial network** continued to work on improving efficiency, through flexible management of resources, staff rotation and enhancements following the introduction of assistants in a few shopping centers.
With regard to the **Winmarkt Group,** the reorganization of the structure was completed through the outsourcing of activities not relevant to the core business (i.e. Kindergarten) and the asset management area was strengthened as foreseen in the Business Plan.

Staff and turnover

There was a positive trend in staff development with an increase, in Italy, of 11 heads or approximately 10%, a very important figure, above all, in a period of high unemployment. There was, conversely, a drop of 5 heads at Winmarkt as administrative staff left the Group as part of an outplacement plan.

The IGD Group - Italy at 31/12/2011	Executives	Middle managers	Junior managers	Clerks	Of which fixed term	Total	Percentage
MEN	**4**	**10**	**19**	**13**	**(3)**	**46**	**40%**
WOMEN	**1**	**6**	**28**	**34**	**(5)**	**69**	**60%**
Total	**5**	**16**	**47**	**47**	**(8)**	**115**	
Percentage	*4%*	*14%*	*41%*	*41%*		*100%*	*100%*
Percentage of total employees					*(7%)*		
Increase vs. 2010						*11*	*10%*

Turn over Italy in 2011 (including fixed term resources)	Hires	Resigned	Difference
Managers	0	0	0
Middle managers	0	1	-1
Junior managers	2	0	2
Clerks	12	2	10
Total	**14**	**3**	**11**

The Winmarkt Group - Romania at 31/12/2011	Executives	Middle managers	Junior managers	Clerks	Of which fixed term	Total
Men	**1**	**4**	**10**	**6**	**21**	**41%**
Women	**0**	**3**	**8**	**19**	**30**	**59%**
Total	**1**	**7**	**18**	**25**	**51**	**100%**
Percentage	*2%*	*14%*	*35%*	*49%*	*100%*	

Turnover - Romania 2011	Hires	Resigned	Difference
Managers	0	0	0
Middle managers	1	0	1
Junior managers	2	1	1
Clerks	1	8	-7
Total	**4**	**9**	**-5**

The above shows:
- an increase in clerks in Italy due, above all, to the turnover with respect to positions which opened up at the end of the previous year, in addition to the substitution of personnel entitled to leaves of absence;
- a further increase in the number of female employees, a positive reverse trend with respect to the labour market in general;
- an increase in the number of junior managers, testimony to the policy to actively promote career development internally.

Seven fixed term contracts were also stabilized.

A protected category became part of the commercial network as per the commitments signed and within the timeframe specified and a another agreement was signed with the Province of Bologna which calls for the gradual inclusion of the handicapped, as provided for at law.
IGD brought young students on board who were in their next to last year of school as interns as part of the school/work program promoted by local high schools.
As part of personnel procedures, hours of paid leave were also granted to employees for serious family reasons.

Turnover did not result in changes in the average age (38) and the level of education of the employees (high).

Compensation policies

In 2011, following a **position salary review** relative to the role of **shopping center manager,** the compensation paid for this position was increased for ten people.
Application continued in 2011 of the **personnel evaluation system** tied to **merit based incentives** which resulted in the evaluation of the work done by 42 employees in the prior year and **14 merit based pay raises,** equal to 33% of the individuals involved.

In 2011 **15 promotions/raises** took place which involved :
- 4 clerk positions
- 10 junior management positions
- 1middle management position

With regard to the Winmarkt Group, implementation of a system structured around Group, individual, qualitative and quantitative targets continued.

Work environment survey

We completed a work environment survey through the use of an anonymous questionnaire which was given to all employees. The questionnaire was prepared by a specialized company, already a Group consultant, which also used a systematic method to compile and process the information provided. The consultants, along with the HR department, then presented and commented on the results of the survey during the last convention.
The initiative was well received by employees. More than 90% of the Group's employees participated and provided interesting ideas on how to improve the overall work environment.

Training

Training was particularly intense in 2011 and included a study abroad program in London between May and June which involved a large part of the personnel, divided into two groups.
The purpose was to visit the main/most important shopping centers in the British capital in order to see the latest trends in terms of sales, design, as well as technical systems, which was summarized in two reports and presented to all employees during the last company convention.

GENERAL TRAINING was also significant and focused primarily on compliance with new and amended laws, including with regard to technical and administrative issues.

A total of 72% of the company's personnel took part in at least one course during the year. The training hours totalled 1,831 with an investment of approximately €110,000.00.

IGD also established a partnership with the Architecture Department of Rome's *Università la Sapienza*, as part of the master's program, "Management of mass market retail" . In 2011 IGD Siiq SpA was actively involved as a case study and the same program is scheduled for 2012.

The first structured training program was set up within the Winmarkt Group which focused, on the one hand, on improving the tools used and certain attitudes, and on the other, on understanding and implementing Europe's best practices.

2.9 PERFORMANCE IN 2011

2.9.1 Income Statement Review

The income statement review reflects a general context which was clearly not favourable.
The second half of the year was particularly critical, as the effects of the crisis and the credit crunch significantly diminished household spending and consumption. IGD's portfolio and the relations with tenants made it possible for the Group to post consistently good results and maintain the financial occupancy rate at high levels (96.52% in Italy, 88.77% in Romania); the structure of the leases/rental agreements, indexed to inflation, also offered a protective mechanism in an inflationary environment .
The Group's net profit at 31 December 2011 reached €30,057 thousand, an increase of 2.44% with respect o the prior year. In order to highlight the core business, the "Porta a Mare" project in Livorno, which generated its first revenue in first quarter 2011 following the sale of office units, is shown separately. A summary of the results follows:

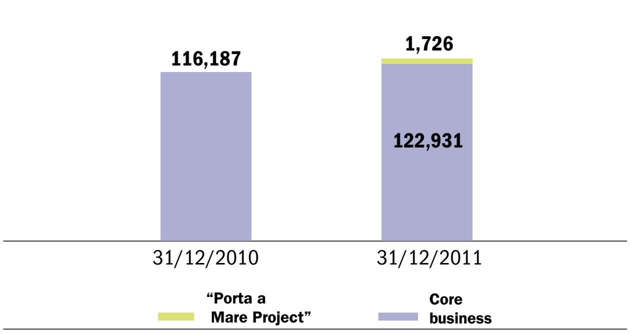
Consolidated income statement (€/000)	Consolidated			Core business			"Porta a mare" project		
	31/12/10	31/12/11	%	31/12/10	31/12/11	%	31/12/10	31/12/11	%
Revenues from freehold properties	101,864	109,110	7.11%	101,864	109,110	7.11%	0	0	n.a.
Revenues from leasehold properties	8,231	8,537	3.71%	8,231	8,537	3.71%	0	0	n.a.
Revenues from services	6,092	5,284	(13.26)%	6,092	5,284	(13.26)%	0	0	n.a.
Revenues from trading	0	1,726	n.a.	0	0	n.a.	0	1,726	n.a.
Revenues	**116,187**	**124,657**	**7.29%**	**116,187**	**122,931**	**5.80%**	**0**	**1,726**	**n.a.**
Direct costs	(20,628)	(21,927)	6.30%	(20,424)	(21,777)	6.62%	(204)	(150)	(26.29)%
Personnel expenses	(3,368)	(3,483)	3.42%	(3,368)	(3,483)	3.42%	0	0	n.a.
Cost of sales and other costs	280	(731)	n.a.	0	0	n.a.	280	(731)	n.a.
Gross Margin	**92,471**	**98,516**	**6.54%**	**92,395**	**97,671**	**5.71%**	**76**	**845**	**n.a.**
G&A expenses	(4,922)	(4,564)	(7.28)%	(4,713)	(4,144)	(12.09)%	(209)	(420)	n.a.
Headquarters personnel costs	(5,232)	(5,443)	4.02%	(5,202)	(5,408)	3.97%	(30)	(35)	19.79%
EBITDA	**82,317**	**88,509**	**7.52%**	**82,480**	**88,119**	**6.84%**	**(163)**	**390**	**n.a.**
Ebitda Margin				70.99%	71.68%		n.a.	22.60%	
Depreciation	(900)	(1,109)	23.17%						
Devaluation	(3,842)	28	(100.72)%						
Change in FV	(8,746)	(14,150)	61.79%						
Other provisions	(563)	238	(142.22)%						
EBIT	**68,266**	**73,516**	**7.69%**						
Financial income	2,675	809	(69.76)%						
Financial charges	(38,019)	(44,296)	16.51%						
Net Financial Income	**(35,344)**	**(43,487)**	**23.04%**						
Income from equity investments	**(1,140)**	**(887)**	**n.a.**						
Pre-tax income	**31,782**	**29,142**	**(8.30)%**						
Income tax for the period	(2,510)	876	(134.90)%						
Tax rate	*7.90%*	*-3.01%*							
Net profit	**29,272**	**30,018**	**2.55%**						
(Profit)/losses related to third parties	68	39	(43.10)%						
Net group profit	**29,340**	**30,057**	**2.44%**						

Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements. Bank fees, in particular, were reclassified under "financial income/(charges)".

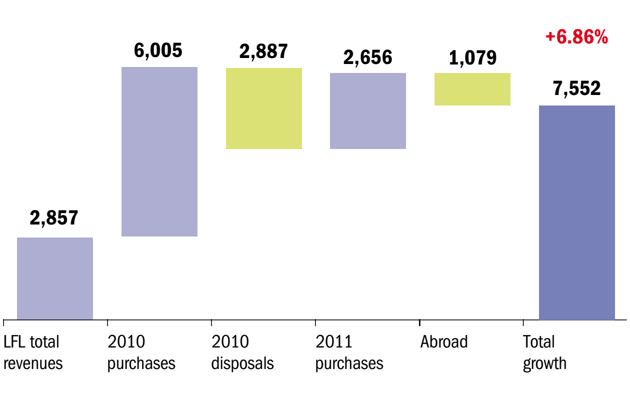
Revenue

Consolidated revenue from core business amounted to €124,657 thousand, an increase of 7.29% with respect to the prior year. This increase is attributable to, on the one hand, an increase in like-for-like core business revenue and the new acquisitions/expansions made between the end of 2010 and in 2011 and, on the other hand, the first revenue from trading of €1,726 thousand following the sale of a portion of the offices pertaining to the "Porta a Mare" project in Livorno.

Total revenues



Growth of rental income



The **revenue from the rental business** at 31 December 2011 rose by 6.86%.
The increase of €**7,552** thousand is attributable to:

- for €**2,857** or 3.09%, with respect to the prior year, to like-for-like growth, approximately 40% of which is explained by contracts indexed to inflation (average inflation in 2011 reached +2.75%) and 60% of which by effective contract renegotiation and pre-letting, as well as a reduction in the discounts that had been granted to a few recently acquired hypermarkets during the start-up phase. A total of 90 contracts were signed during the year, 49 of which were renewals, while the remaining 41 were related to turnover. The average upside reached 7.40%. The restyled centers, such as Le Porte di Napoli in Afragola and ESP in Ravenna, in particular contributed to this result. Further positive results were also recorded relative to the pre-letting of a few centers which are to be refurbished and/or expanded in the future, like Centro d'Abruzzo and Porto Grande.
- for €**6,005** thousand to the new openings and acquisitions made in 2010: La Torre Shopping Mall in Palermo, opened on 23 November 2010, and the Conè Shopping Mall and Retail Park in Conegliano Veneto, opened on 25 November 2010;
- for €**2,656** thousand to the new acquisitions made in 2011: the last two floors (leased, in part to third parties) of the office building already owned by IGD and where its Bologna headquarters are located; the city center property in Bologna; and the hypermarkets in Conegliano and Palermo;
- the positive effects of the above were offset by a decrease of €**3,966** thousand explained by:
  - a change in the scope of consolidation following the exit of 50% of two of the three properties held through RGD, sold on 15 December 2010 (50% of the third property was subsequently repurchased on 30 December 2010).
  - a drop in sales in Romania of €1,079 thousand due to a reduction in average market rents (2011 renewals showed a drop of approximately 13% with respect to the pre-crisis rents). Testimony to the continuous consolidation of the tenant portfolio in Romania, during the year contracts were signed with important chains like Billa – the Rewe Group – and with Drogerie Markt for the opening of two new stores in December 2011, between the end of 2011 and the beginning of 2012 two new supermarkets were opened. Two new Carrefour supermarkets are also expected to be opened in first quarter 2012. An additional GLA of approximately 3,500 m², a rise of 4.7% like-for-like, was also qualified during the year. These steps, moreover, made it possible for Winmarkt to increase the financial occupancy which is now near near 89%.

Revenue from services fell by 13.26% with respect to 2010. This drop is explained by the huge amount of Pilotage revenue in 2010, €1,300 thousand, following the opening of the new centers. Service revenue consists primarily in revenue from Facility Management which contributed €4,928 thousand or 93.27% to the total service revenue generated in 2011. This component increased 10.59% with respect to the same period in 2010 due primarily to the new mandates granted (Conè Shopping Mall in Conegliano Veneto, La Torre in Palermo, La Perla Verde in Riccione, Piazza Marcantoni in Civita Castellana).
Revenue from trading, which amounted to €1,726 thousand, is a new revenue component included in the Group's income statement and refers to the "Porta a Mare" project in Livorno. Following the partial completion of the restructuring of Palazzo Orlando, the first sale of a portion of an office building was finalized in February.

Margins

The divisional gross margin increased by 6.54%, rising from €92,471 thousand to €98,516 thousand in 2011. The table below shows the income statement highlights and the trend in margins at 31 December:

Consolidated income statement (€/000)	Consolidated			Core business			"Porta a mare" project		
	31/12/10	31/12/11	%	31/12/10	31/12/11	%	31/12/10	31/12/11	%
Margin from freehold properties	89,573	94,825	5.86%	89,573	94,825	5.86%			n.a.
Margin from leasehold properties	1,772	1,917	8.18%	1,772	1,917	8.18%			n.a.
Margin from services	1,050	929	(11.54)%	1,050	929	(11.54)%			n.a.
Margin from trading	76	845	n.a.				76	845	n.a.
Gross Margin	**92,471**	**98,516**	**6.54%**	**92,395**	**97,671**	**5.71%**	**76**	**845**	**n.a.**
G&A expenses	(4,922)	(4,564)	(7.28)%	(4,713)	(4,144)	(12.09)%	(209)	(420)	n.a.
Headquarters personnel costs	(5,232)	(5,443)	4.02%	(5,202)	(5,408)	3.97%	(30)	(35)	19.79%
EBITDA	**82,317**	**88,509**	**7.52%**	**82,480**	**88,119**	**6.84%**	**(163)**	**390**	**n.a.**
Depreciation	(900)	(1,109)	23.17%						
Devaluation	(3,842)	28	(100.72)%						
Change in FV	(8,746)	(14,150)	61.79%						
Other provisions	(563)	238	(142.22)%						
EBIT	**68,266**	**73,516**	**7.69%**						
Net financial income margin	(35,344)	(43,487)	23.04%						
Income from equity investments margin	(1,140)	(887)	n.a.						
PRE-TAX INCOME	**31,782**	**29,142**	**(8.30)%**						
Income tax for the period	(2,510)	876	(134.90)%						
NET PROFIT	**29,272**	**30,018**	**2.55%**						
(Profit)/losses related to third parties	68	39	(43.10)%						
NET GROUP PROFIT	**29,340**	**30,057**	**2.44%**						

- **SBU 1 - Property leasing - margin from freehold properties:** in 2011 this margin reached €94,285 thousand compared with €89,573 thousand in the prior year, an increase of 5.86%. In percentage terms, this activity featured very interesting margins of 86.91% .

- **SBU 1 - Property leasing – margin on leasehold properties:** the margin, of €1,917 thousand, rose 8.18% with respect to the prior year. As a percentage of revenue the margin reached 22.45%.

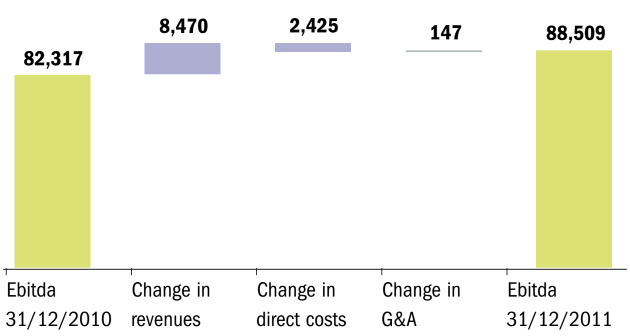
- **SBU 2 – Services - margin from service businesses:** the margin from services amounted to €929 thousand, a decrease respect to 2010 of 11.54%.

- **SBU 3 – Development and trading - margin from trading:** the margin from the "Porta a Mare" project in Livorno of €845 thousand reflects both the revenue from the sale of a portion of an office building and, in addition to direct costs, the costs relating to the units sold.

EBITDA

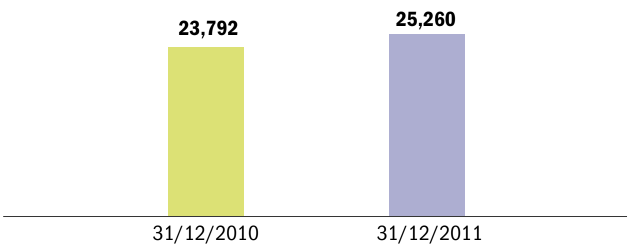
EBITDA for the core business at 31 December 2011 amounted to €88.119, an increase of 6.84% with respect to the same period in the prior year while total Ebitda reached €88,509 thousand, an increase of 7.52% with respect to the same period in the prior year
The changes in the Ebitda components in 2011 are shown below:

EBITDA



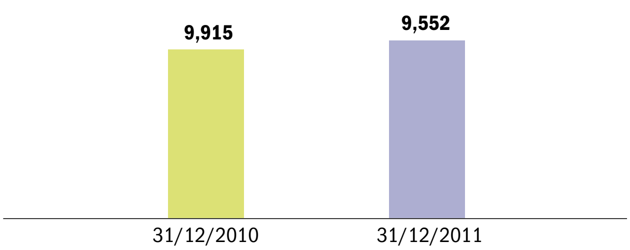
Direct costs, pertaining to the core business and including personnel expenses, in 2011 amounted to €25,260 thousand, an increase of 6.17% with respect to the same period in the prior year. This is explained primarily by the increase in provisions for doubtful accounts relating, in particular to the 90% writedown on the Darsena Shopping Center, as well as the increased perimeter of the properties managed. These costs represent 20.55% of core business revenue. The direct costs pertaining to the "Porta a Mare" project, as shown in the reclassified income statement, refer to the costs attributable to the portion of the office building sold.

Core business direct costs



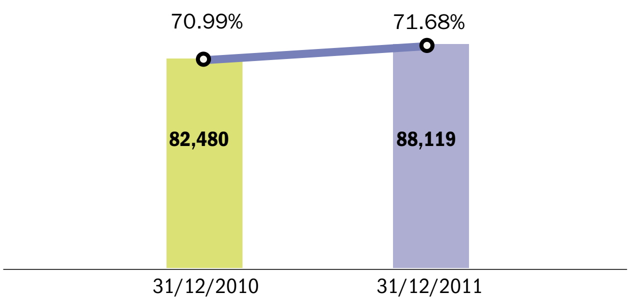
General expenses for the core business, including payroll costs at headquarters, amounted to €9,552 thousand compared to €9,915 thousand at 31 December 2010, a drop of 3.66% or €363 thousand linked to cost rationalization, particularly with regard to consultancies and the completion of a few projects begun in 2010. These costs represent 7.77% of operating revenue. The increase in general expenses for the multifunctional project is largely explained, as shown in the reclassified income statement, by the event organized to present the "Porta A Mare" project to the city of Livorno.

Core business G&A expenses



The **EBITDA margin** for the core business rose from the 70.99% reported in 2010 to 71.68%, in line with the positive trend recorded in previous years.

Ebitda and Ebitda Margin core business



EBIT

EBIT amounted to €73,516 thousand, an increase of 7.69% due to the rise in Ebitda and despite the increase in fair value writedowns. Please note that the properties were appraised at 31 December 2011 by independent experts.

Net financial income (charges)

Net financial charges increased from €35,344 thousand in 2010 to €43,487 thousand in 2011. Net of exchange losses and interest capitalized, this item increased by approximately €6,851 thousand due to:

- an increase in net debt to support the Group's development, which rose from €1,017,082 at 31 December 2011 to €1,128,968 at 31 December 2011;
- IRS swap transactions which took effect 1 January 2011;
- an increase in 3M Euribor rates which rose from the 1.023 (average monthly rate) recorded at December 2010 to the 1,437 (monthly average) recorded at December 2011 and, toward the end of the year, an increase in short term debt spreads.

In 2011 the average cost of debt rose from the 3.53% reported in 2010 to 4.08%. The increase in net debt is explained primarily by new mortgage loans for property investments in Palermo and Conegliano, and by the temporary use of short-term credit facilities while waiting for long-term loans to be granted to finance the investments made during the period.

Net financial income/(charges)	31/12/11	31/12/10	Change
Financial income	(546)	(611)	65
Financial charges	43,765	36,991	6,774
Exchange gains/(losses)	116	(75)	191
Interest capitalized	0	(1,101)	1,101
Commissions	152	140	12
Net financial income/(charges)	**43,487**	**35,344**	**8,143**

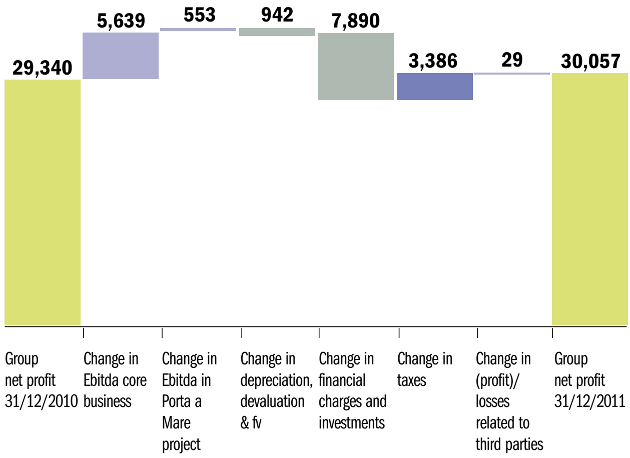
Tax

The tax burden, current and deferred, at 31 December 2011 amounted to €876 thousand and is primarily attributable to the effect of the fair value adjustments which resulted in the recognition of deferred tax assets and the reversal of deferred tax liabilities which had a positive impact on the total tax rate of 26.6%. Net of the fair value effect the tax rate reaches 7.46%.
The tax rate for the year fell with respect to the same period of the prior year due to the impact of Parent Company's total exempt income, which rose from 93.39% to 96.11%.

Income tax	31/12/11	31/12/10	Change
Current taxes	1,397	2,834	(1,437)
Deferred tax liabilities	703	3,026	(2,323)
Deferred tax assets	(2,628)	(3,514)	886
Out-of-period income/charges	(348)	164	(512)
Total	**(876)**	**2,510**	**(3,386)**

The change in net profit with respect to the same period in the prior year is shown below.

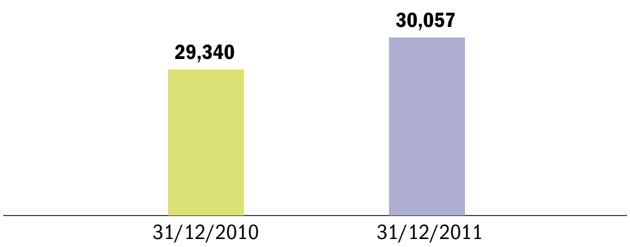
Change in net profit between 2010 and 2011



Net profit

The Group's portion of net profit for the period amounted to €30,057 thousand, an increase of 2.44% with respect to the prior year.

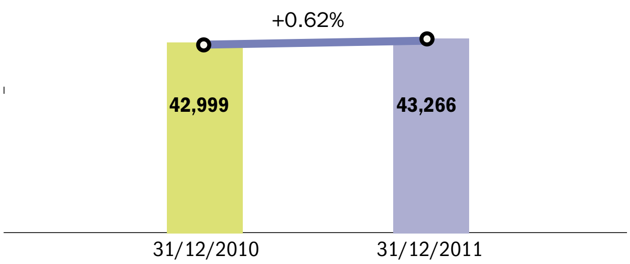
Group net profit



FFO

The Funds from Operations (FFO), a significant indicator used in the real estate market to define the cash flow from a company's operations based on net profit, adjusted for deferred tax, writedowns, fair value, amortization and depreciation, rose by 0.62% with respect to the same period in the prior year.

FFO



2.9.2 Statement of Financial Position and Financial Review

The IGD Group's statement of financial position at 31 December 2011 can be summarized as follows:

Source/use of funds	31/12/2011	31/12/2010	Δ	%
Fixed assets	1,897,756	1,782,089	115,667	6.49%
Net working capital	68,909	85,239	(16,330)	(19.16%)
Other non-current liabilities	(70,644)	(76,792)	6,148	(8.01%)
Total use of funds	**1,896,021**	**1,790,536**	**105,485**	**5.89%**
Equity	767,053	773,454	(6,401)	-0.83%
NFP	1,128,968	1,017,082	111,886	11.00%
Total source of funding	**1,896,021**	**1,790,536**	**105,485**	**5.89%**

The principal changes in 2011, compared to 31 December 2010, are summarized below:

Fixed assets
rose from €1,782,089 thousand at 31 December 2010 to €1,897,756 thousand at 31 December 2011; the change of +€115,667 thousand is explained by increases and decreases in:

Investment property
(+€112,815 thousand).
The net change is attributable to the purchase of the hypermarket found inside the shopping center in Conegliano, of the portion of the hypermarket found inside the La Torre Shopping Center in Palermo, of the real estate complex in downtown Bologna, of the second and third floors (with regard to the latter, of the portion leased to Librerie Coop) of the business park building in Bologna, of the retail management division responsible for the management of the stores found inside the mall of the Gran Rondò Shopping Center in Crema, and of the retail management division responsible for the management of the multplex cinema and bar found inside the Centro Sarca Shopping Center. There was a net decrease in the real estate investments due to the fair value adjustment of €14,150 thousand. For more information please refer to the section "The Real Estate Portfolio" and to notes 15 and 17 of Section 5.
Furthermore, with respect to the prior year, the Darsena property was reclassified from "assets under construction and advances" to "investment property" as a result of the worsening financial situation of the Mascellani Group which has made the potential buy-back impossible while also increasing the risk of revocation actions during this phase for any measures undertaken.
Buildings
(+€1,924 thousand).
The net change is explained by the purchase of part of the third floor of the business park building where the IGD Group's headquarters are located, in addition to the decrease due to normal depreciation.

Assets under construction
(-€4,457 thousand).
The net change is primarily attributable to:
- progression of the work relating to the expansion of the Esp Shopping Center;
- an increase following the purchase of two plots of land, next to the ones already owned, where the Chioggia retail park will be built, plus the progression on the urbanization works;
- the purchase of land in San Giovanni Teatino and the recognition of secondary urbanization works relating to the expansion of the Centro d'Abruzzo Shopping Cente;
- progress with the investment in the Centro Multifunzionale di Livorno (retail sector only);
- extraordinary maintenance at a few of the Romanian shopping centers;
- an impairment loss, net of reversals of impairment losses charged the previous year, charged on land and construction in progress to reflect the difference between cost and appraised fair value;
- the reclassification of Darsena as described above.

Intangible assets with finite useful lives, plant and machinery, equipment, and leasehold improvements
(+€1,005 thousand).
The net change is due primarily to the purchase of new systems and machinery relative to the new IGD offices located on the third floor of the business park building, the air conditioning systems at third party malls (Centro Piave), the equipment pertaining to the Cise division located in the Sarca Shopping Center, in addition to normal deprecation and amortization.
Deferred tax assets
(+€6.784 thousand euro).
The change is due primarily to:
- recognition of deferred tax related to mortgage hedging instruments (IRS);
- recognition of deferred tax related to the writedowns of work in progress;
- recognition of deferred tax related to the fair value adjustments of property investments.

Miscellaneous receivables and other non-current assets

(-€2,404 thousand).
The change is due primarily to:

- writedown of the book value of IBN, a company of which IGD holds 15%;
- the decrease in the beneficial interest on the mall at the Città delle Stelle Shopping Center for the amount recognized for the period in the income statement.

Net working capital

(-€16,330 thousand).
The change is explained primarily by:

- for +€6.863 thousand by the inventories for construction in progress and down payments relative to the areas, buildings and the urbanization works under construction at the multifunctional complex in Livorno involving, primarily, the Piazza Mazzini area;
- for -€32,419 thousand by other current assets; the change is largely due to the decrease in VAT credits following the refunds received by both the Parent Company and Porta Medicea;
- for +€1,105 thousand by the increase in trade payables, net of the provisions for doubtful accounts;
- for +€6,799 thousand by the decrease in the payables for construction and contract work done in Palermo e Conegliano, the amounts owed the Parent Company for pilotage activies relative to Conegliano and the 2011 portion of the beneficial interest in the Città delle stelle Shopping Center mall;
- for +397 thousand by the decrease in current tax liabilities due primarily to the payment of the last instalment of the substitute tax relative to the revaluation of the Centrosarca mall pursuant to Legislative Decree 185/2008;
- for +925 thousand by other current liabilities, which fell substantially following the repayment of security deposits, cashed in the prior year, relating to the opening of the two new shopping malls (Palermo and Conegliano) and substituted by sureties, as well as the transfer to investment property of the security deposits and down payments received following the sale of a property in Livorno.

Other non-current liabilities

(+€6,148 thousand).
The change is primarily attributable to:

- the change in deferred tax liabilities of +€544 thousand, primarily attributable to fair value adjustments relative to investment property and IRS contracts;
- for -€833 thousand by the recognition of a security deposit of €790 thousand received from Coop Adriatica as a guarantee for the lease of the hypermarket in Conegliano, the interest owed on the security deposits and the refund of a down payment;
- for -€184 thousand by the increase in the severance provisions;
- reclassification of the last instalment of the substitute tax equal to €6,160 thousand to be paid by 16 June 2012.

Equity

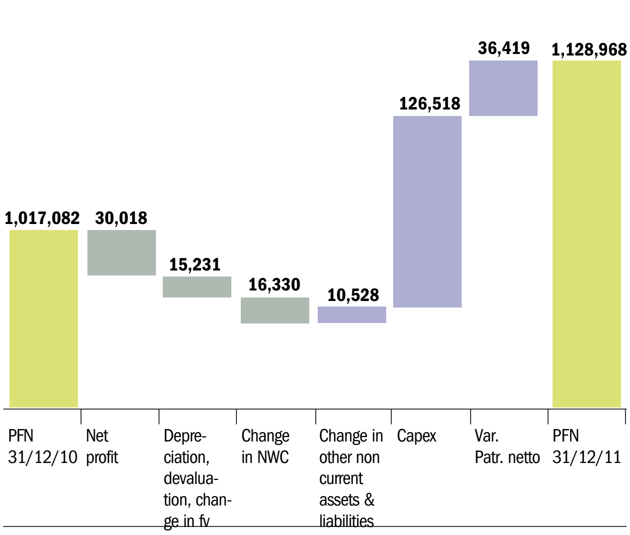
At 31 December 2011, amounted to €767,053 thousand.
The change of -€6,401 thousand is explained by:

- for €22,730 thousand by the distribution of the earnings for 2010;
- the decrease in the derivatives accounted for using the cash flow hedge method (-€12,427 thousand relative to the Parent Company and -€1,716 to derivatives held by the subsidiary Immobiliare Larice);
- the parent company shareholders' portion of net profit equal to €30,057 thousand;
- the minorities' portion of net profit of -€39 thousand;
- for + €94 thousand by the adjustment of the deferred tax relative to the convertible bond.

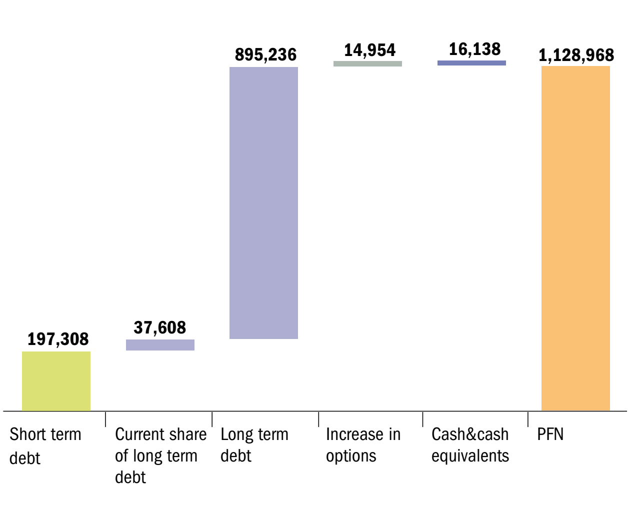
Net financial position:

The net financial position at 31 December 2011 rose from the €1,017,082 thousand recorded at 31 December 2010 to €1,128,968, an increase of €111,886 thousand with respect to the prior year. The rise in debt is explained by the development carried out in 2011 which was done maintaining a balance between the financing obtained and the cost of debt. The changes are shown below:

Reconciliation of the net financial position

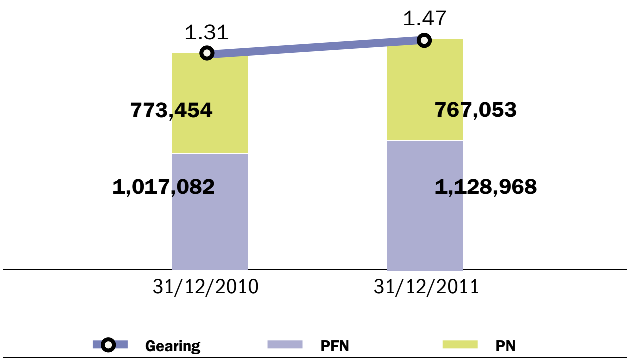


Breakdown of the net financial position



The item "Short term portions of long term debt" shown in the net financial position includes the short term portion of mortgages, leasing company loans and bond debt.
The gearing ratio of 1.47, in increase with respect to 31 December 2011, is shown below:

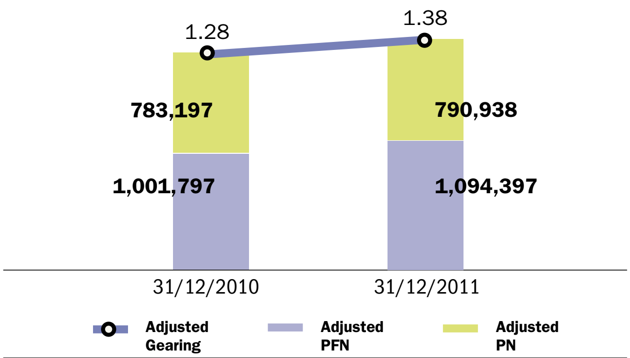
Gearing ratio



In order to better represent the gearing ratio, the standard indicator (the gearing ratio) is being shown along with the "adjusted gearing ratio".
This figure is determined by substituting net equity and net financial debt with the adjusted financial debt and adjusted equity which do not reflect the effect of cash flow hedge accounting on financial assets/liabilities and on equity.

Adjusted gearing ratio	31/12/2010	31/12/2011
Equity	773,454	767,053
Net financial debt	1,017,082	1,128,968
Gearing ratio	**1.31**	**1.47**
Elimination of the CFH effect on equity	9,743	23,885
Adjusted equity	783,197	790,938
Elimination of the CFH effect	(15,285)	(34,571)
Adjusted net financial debt	1,001,797	1,094,397
Adjusted gearing ratio	**1.28**	**1.38**

Adjusted gearing ratio



The Group's financial policy is guided by the principles outlined in the 2009-2013 Business Plan, in terms of:

- a balanced capital structure: with a Debt/Equity ratio which is not expected to exceed 1.5;
- financial balance: with funding and the relative hedging primarily long term, in line with the loan expirations;
- coverage of the long term debt (including the bond) of which currently 80.8% is hedged against interest rate risk (taking into account the swaps closed in the third quarter, effective 30 December 2011) while 64.11% of the net debt is covered, in line with the 2009-2013 Business Plan which called for coverage of approximately 60% of the net debt;
- current bank credit facilities which amounted to €303 million at 31/12/2011 and the unutilized portion to €106.68 million.

2.10 SUBSEQUENT EVENTS

No significant events took place after the end of the year.

2.11 OUTLOOK

The general environment, certainly not favourable for the Euro-zone and particularly not for Italy, which has important repercussions for the real estate sectors, will drive us to be more cautious about investments and to move forward solely with the development initiatives that are already part of our portfolio. We don't foresee any new investments in light of the high financing costs and the objective, in 2012, to not increase the current gearing, while we do expect to further strengthen the revenue and margins generated by our core business up until now. We also foresee that our results next year will allow us to provide our shareholders with satisfying remuneration.

2.12 IGD SIIQ SPA'S AND THE GROUP'S PRIMARY RISKS AND UNCERTAINTIES

In the future the Group's earnings and financial situation could be influenced by a series of risk factors which could affect both property management and real estate development.
In order to systematically assess and monitor its risks, IGD SiiQ SpA implemented a Enterprise Risk Management (ERM) system which conforms with the highest international standards. This system is designed to support Top Management in understanding the primary corporate risks and how to manage them, as well as how to organize control mechanisms.

The primary business risks that IGD faces and manages are listed below.

1. Strategic risks

1.1 Investment risk

Risk factors:
- problems in the valuation of the investment opportunity;
- failure to correctly identify the investment target,

which could negatively impact the IGD Group's development business.

Risk management:
At least once a year the business plan is evaluated by Top Management in order to understand the failure to reach the plan's targets.
All of the investments are made after having compared potential performance with the business plan based on simulations with respect to the targets and the operations linked to each single investment.
Each time the business choices related to the investments are changed, the related analyses, the simulated performances, the forecasts and the investment strategy in the existing plan are revised.
In order to better understand each investment, specific working groups are formed involving the following corporate divisions: Sales & Marketing, Asset Management and Development, Administration – Legal and Corporate Affairs which are supervised by the Chief Executive Officer. The project is, however, submitted to the Board of Directors for authorization.
The company hires specialized professionals to perform market analyses, simulations, target analysis, sales forecasts with regard to the areas where the investment is to be made and obtains fairness opinions from independent appraisers.

1.2 Risks associated with change in the macro and micro economic scenarios or consumer trends

Risk factors:
- change in growth rates;
- inflation;
- change in consumer volumes and trends;

which could negatively impact the Group's revenue and the value of its assets.

Risk management:
The company monitors consumer trends, consumer spending and inflation constantly based on market surveys including with the help of specialized professionals. Periodically the Commercial Division will analyze the extent to which the positioning and offer are in line with a specific target in order to understand if any changes need to be made to the sales and marketing activities.
The tenants' results are carefully monitored.
The positioning with respect to the targets for the single shopping centers is monitored and any changes that are made to the merchandising mix/tenant mix during the renewal phase, expansion and remodelling are in line with the targets. Pricing and the target yield are analysed in light of the market trends and the single retailer's performance.
Management also carefully monitors the sales statistics and the indicators that could point to any problems the tenants might be experiencing, paying particular attention to the impact that contract renegotiations could have on the clients: the steps taken to support the retailers and any operational changes are shared with the Commercial Division and are, at any rate, subject to the approval of Operations Management and the budget revisions made with respect to the budget approved by the Board of Directors. The Company also began working on the definition and implementation of a valuation model to be used to assess the financial/economic impact of possible changes in global market conditions (particularly the change in interest rates) in support of business planning.

1.3 Country risk

Risk factors:
The risk pertains to the investments made in the companies doing business in Romania and presents the following risk factors:
- changes in the country's macroeconomic scenario;
- geopolitical problems in the country;
- change in the country's growth rates;
- inflation within the country;
- change in the country's consumer trends and volumes;
- third party restitution claims requesting the return of real property;

which could have an impact on revenue and on the value of the Group's assets.

Risk management:
IGD's portfolio is spread out throughout the country; the 16 assets, an office building and 15 shopping centers, are found in 13 midsize cities. This makes it possible to diversify the risks linked to consumer volatility, while the fact that the centers are centrally located helps to minimize risk of decreased consumption which could affect the outlying shopping areas.
Top Management of the Romanian subsidiaries monitors the country's economic trends constantly, verifying that the principal indicators of economic and political stability (interest rates, the political scenario, implementation of EC subsidies and the local regulatory environment) are stable and that no problems for IGD's business have developed.
Particular attention is paid to the quarterly bulletins published by the EC. The company also maintains relationships with the Italian financial and business communities in Romania through national and international chambers of commerce.
The company, furthermore, has implemented a commercial strategy that is focused on improving the quality of the tenants by selecting high profile international partners.
With regard to third party restitution claims, please note that the statute of limitations for filing such claims has run. The Group, however, stipulated a "Title Insurance" policy to protect against risks linked to this type of claim in order to protect the value of the assets held in Romania.

2. Operational risks:

2.1 Tenant related risk

Risk factors:
- the shopping center fails to attract the target customers found in the catchment area;
- merchandising mix does not meet the needs of the customers in the catchment area;
- tenant mix does not meet the needs of the customers in the catchment area;

which could impact sales and the ability of the tenants to fulfil their contractual obligations with IGD.

Risk management:
The company's commercial divisions, along with Operations Management, evaluate the planned positioning in order to limit the risks connected to tenant and merchandising mixes which fail to meet the needs of each shopping center's potential customers.
The commercial planning is carried out in accordance with internal procedures. The company constantly monitors, including through the use of the updated internal sales data, the tenants' sales and the vacancy rates. All of the commercial choices made respect the policy defined by the Commercial Division and any atypical allocation of the space must be approved by the Commercial Division. Toward this end the Commercial Division meets each week in order to coordinate and check the steps taken in the region.
The tenant mix is selected on the basis of the analyses done, including through the help of specialized professionals, regarding the shopping center's intrinsic characteristics and its location.

2.2 Credit risk

Risk factors:
- client default;
- credit recovery problems.

Risk management:
The tenants are subject to pre-contractual selection based on parameters linked to the business's financial soundness and P&L forecasts.
The analyses of potential clients are done with the help of specialized consultants and focus on understanding potential risks for the company.
All clients must guarantee their contractual obligations with sureties and/or security deposits. The company constantly monitors the contractual relationship to ensure that the contractual obligations are being respected and in the event of default the company follows the internal procedures for credit management; in a few instances, involving well-known tenants, remedial measures may be taken.

2.3 Pre-letting risk

Risk factors:
- chance that the property remains partially vacant and the target occupancy rates are not hit,

which could impact both revenue and the value of the Group's assets.

Risk management:
The company controls pre-letting risk through promotional activities and incentive schemes involving current and potential tenants.
Intense public relations activities are carried out with the tenants in order to ensure that the space is let and investments are made in promotional activities and launches.
The surface coverage ratios are constantly monitored throughout the management and life of a shopping center.
The commercial team is comprised of highly experienced sector professionals who work to reach the Group's objectives in terms of revenue and filling vacant space.
During its weekly meetings, the Commercial Division analyses the occupancy rates of the different shopping centers and determines any steps that need to be taken to reach a vacancy rate that is close to zero.
Capex are budgeted in order to improve the quality and appeal of the properties.

2.4 Risks associated with natural disasters (i.e. earthquakes, floods, fires) or damages caused by third parties and third party liability

Risk factors:
- natural disasters (for example, floods, earthquakes, etc.);
- catastrophic events (for example, fires);
- damages caused by third parties;
- damages incurred by third parties in the course of business or related activities;

which could impact the value of the Group's assets or cash flow.

Risk management:
Given the type of business and its unique portfolio, the company has taken out All Risk policies with a primary sector insurance company based on which each shopping center has annual coverage.
Based on the Group's risk management policy vis-à-vis damage to assets, each consortium of tenants and/or owners must stipulate its own All Risk policy with an insurance company.
With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities.
The consortia, the Sales & Marketing, Network Management and Asset Management and Development Divisions all constantly check the quality and maintenance of the properties in order to understand if further steps must be taken to limit risk.
The company invests significantly in the maintenance and quality of its properties.
The Company, as part of the Group Enterprise Risk Management initiative, also updated its risk analysis in order to ensure the adequacy of the insurance coverage.

2.5 Third party delivery risk

Risk factors:
- delays, problems and/or breach of contract related to the construction companies hired by the Group to complete projects;
- delays, problems and/or breach of contract related to the sellers of finished, "turnkey" shopping centers;
- delays, problems and/or breach of contract related to the professionals and service providers hired;
- delays, problems and/or breach of contract related to the independent appraisers;

which could impact the performance, completion times of the projects resulting in costs linked to third party damages and/or legal disputes and the appraised value of the company's assets.

Risk management:
The company selects professionals, service providers and construction companies after a preliminary evaluation of the providers financial and economic soundness has been completed, in accordance with internal procedures, in order to limit the risks associated with breach of contract and/or default.
The contracts used contain a set of guarantee clauses (for example, penalties for delayed or defective delivery of the services).
The Division involved monitors the completion of the projects and services provided and ensures that the qualitative standards are being complied with.
Particular attention is paid to situations in which a subcontractor is used to build the shopping centers and an internal resource along with an external professional monitor the progress being made. A weekly/bi-weekly progress report is also prepared.
With regard to the finished, "turnkey" shopping centers, the company asks the counterparty to provide bank guarantees for the deposits and security deposits made.
With regard to the valuation of the company's assets, the company uses independent, specialized appraisers. Assets are appraised two times a year; the company may request a comparative appraisal from another independent appraiser.

3. Compliance risk

3.1 Liability pursuant to Legislative Decree 231/01

Risk factors:

- sanctions associated with corporate liability for crimes committed pursuant to Legislative Decree 231/01;

The company adopted the "Organizational Model" pursuant to Legislative Decree. 231/01 which defines the guidelines, rules and code of conduct that should govern the company's activities and which must be complied with in order to minimize the risk that the crimes referred to in Legislative Decree. 231/01 are committed, and which ensures maximum transparency and fairness in the company's business dealings.
When Legislative Decree. 231/01 took effect, the company also prepared a Code of Conduct applicable to all IGD employees who must ensure that they perform their duties in accordance with the standards included in the code.
Toward this end, the Internal Control Committee adopted specific procedures and, together with Internal Audit, seeks to ensure that they are complied with.
The Internal Control Committee constantly updates and amends the Model to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure.

3.2 Regulatory Risk

Risk factors:

- Sanctions for violations of the regulations issued by the stock exchange and regulatory agencies relating to companies with financial instruments traded on a regulated market.

Risk management:

The company pays great attention to the norms and regulations governing listed companies.
More in detail, the Corporate & Legal Affairs and Investor Relations Departments work to comply with the norms and regulations issued by the stock exchange and the regulatory agencies, while also organizing the disclosure of any information to the market. This process, which calls for the close collaboration of the internal divisions involved in compiling, checking and disclosing data and information regarding the company's administration, accounts and operations, is done in accordance with internal procedures and under the supervision of the Chief Executive Officer and the Financial Reporting Officer.
The company constantly monitors the changes made to market norms and regulations and the possible repercussions for the company.

3.3 Liability pursuant to Legislative Decree 262/05

Risk factors:

- Sanctions associated with violations of the Financial Reporting Officer's responsibilities pursuant to Law 262/05.

Risk management:

The company, in accordance with Legislative Decree n. 262 dated 28 December 2005, the Uniform Savings Act, adopted administrative and accounting control procedures related to financial disclosures in order to (i) ascertain whether or not the current Internal Control System provides reasonable certainty that the information represented in the financial statements is accurate and reliable; (ii) implement adequate administrative and accounting procedures to be used in drafting the separate and consolidated financial statements, as well as any other financial disclosures (in accordance with Law 262/2005); (iii) ensure that the administrative and accounting procedures are complied with during the period in which the above documents are being drawn up.
The implementation and verification of the Internal Control System pursuant to Legislative Decree 262/05 are carried out by internal resources as instructed by and under the supervision of the Financial Reporting Officer appointed by the Board of Directors in accordance with the law. The Law 262/05 control system is also subject to monitoring under the Group's Enterprise Risk Management initiative.

3.4 Tax risk – requirements under the SIIQ regime

Risk factors:

- failure to meet the profit and asset requisites necessary to be eligible for SIIQ status,

resulting in being ineligible for treatment under the SIIQ regime (in the event this situation should be prolonged for the period provided for at law).

Risk management:

The company, which was awarded SIIQ status beginning in 2008, since then has carefully monitored the associated tax risks; the valuations made regarding the taxation models used are prepared with the assistance of carefully selected specialized professionals and the Head of Administration, Legal and Corporate Affairs constantly monitors any regulatory changes and the internal accounting procedures.
More in detail, the accounts for the taxable and exempt operations are maintained separately; the division also frequently conducts asset and profit tests in order to ensure compliance with the SIIQ regulations.
The results of the tests are shared with management. The tax risk control system is also subject to monitoring under the Group's Enterprise Risk Management initiative.

4. Financial risks

4.1 Risks associated with funding and cash management

Risk factors:

- problems managing liquidity;
- financial resources fail to meet the company's needs;
- problems maintaining existing loans and in obtaining new ones.

Risk management:

Liquidity risk is managed through careful management of cash flow and is mitigated by the availability of substantial credit lines.
The Finance Division monitors cash flow through the use of quarterly financial forecasts (updated on a rolling basis) and ensures that available liquidity is sufficient to meet the company's business needs. Cash flow sensitivity tests, along with stress testing and VAR estimates for any financial risks, are all performed on a regular basis.
With regard to medium/long term debt, each line of credit finances a project which minimizes the risk associated with refinancing. Medium/long term loans may contain covenants and the Finance Division monitors this aspect constantly including together with company management through the use of the Enterprise Risk Management system in order to understand the impact that any breaches of these covenants could have on strategic, operational, compliance and financial risks.
Financial commitments are covered by funding made available by financial institutions and available credit lines.
This risk is managed on the basis of the principle of prudence in order to avoid, in the event unexpected events should occur, excessive expense which could have a further negative impact on the company's market reputation. Furthermore, there are no mortgages on a part of the Group's real estate portfolio (equal to approximately €563 million).

4.2 Interest rate risk

Risk factors:

- volatile interest rates which could impact the financing of operations as well as the use of available liquidity.

The Group uses short term credit lines and floating rate medium/long term mortgages, therefore if interest rates are raised it is exposed to the risk that financial expense could increase.

Risk management:

Interest rate risk is monitored constantly by the Finance Division and Top Management, as well as through assessment and analysis tools developed as part of the Group's Enterprise Risk Management initiative.
To manage this risk, the Group purchases interest rate swaps with which it is able to cover 74.14% of its medium/long term interest rate risk by exchanging the difference between fixed rate and floating rate interest at specific intervals. The Finance Division monitors and measures interest rate risk and liquidity constantly in order to understand possible risk management solutions.

4.3 Foreign exchange risk

Risk factors:

- fluctuations in the Romanian currency, LEI;

which could result in the portfolio being written down and the default of Romanian retailers whose contracts are in LEI but anchored to the euro.

Risk management

The Romanian tenants' rents are in LEI but anchored to the euro; therefore the company is exposed to the risk that the tenants could default if the currency fluctuations result in the weakening of the LEI.
Currently IGD works to mitigate this risk by working constantly on the optimal merchandising and tenant mix, as well as on the management of the portfolio with a view to sustaining value. Capex should be made in the period 2010-2012 in order to improve the quality and appeal of the properties.
The commercial policies are carefully defined and based on in depth research as to the market needs and the habits of the local consumers.
Toward this end the Group is assisted by a group of specialized corporate and local resources in order to understand the correct trade-off between acquired know-how, corporate development and understanding of the local needs.

2.13 INTERCOMPANY AND RELATED PARTY TRANSACTIONS

With regard to related party and intercompany transactions, there are no transactions which qualify as unusual or atypical, as they fall within the Group's ordinary sphere of operations and take place under arm's-length conditions.
With regard to the rules of corporate governance and the "Procedures for Related Party Transactions", please refer to Chapter 3, "Report on Corporate Governance and Ownership Structure".
Details of related party transactions carried out in 2011 are provided in a section of the notes to the financial statements.
As required by CONSOB Resolution no. 11971 of 14 May 1999, the following list reports the shares of IGD Group companies held by directors and statutory auditors:

Name	Company	N of shares at 31/12/2010	Purchases	Sales	N of shares at 31/12/2011
Albertini Claudio	IGD	0	0	0	0
Boldreghini Giorgio	IGD	0	0	0	0
Canosani Aristide	IGD	0	0	0	0
Caporioni Leonardo	IGD	0	0	0	0
Carpanelli Fabio	IGD	0	0	0	0
Coffari Gilberto	IGD	11,000	0	0	11,000
Costalli Sergio	IGD	0	0	0	0
Franzoni Massimo	IGD	0	0	0	0
Gentili Francesco	IGD	0	0	0	0
Pellegrini Fernando	IGD	0	0	0	0
Pirazzini Corrado	IGD	5,000	0	0	5,000
Parenti Andrea	IGD	40,000	0	0	40,000
Sabadini Riccardo	IGD	5,000	0	0	5,000
Santi Sergio	IGD	20,000	9,300	0	29,300
Zamboni Roberto	IGD	0	0	0	0
Gargani Franco	IGD	0	0	0	0
Conti Romano	IGD	0	0	0	0
Chiusoli Roberto	IGD	0	0	0	0

2.14 PRIVACY PROTECTION

Pursuant to Legislative Decree 196/2003 (Italy's "Data Protection Code"), we report that all companies in the IGD Group have updated their "Privacy Protection Plan." All Group companies have completed the Parent Company's protection model as described in the privacy protection report.

2.15 TREASURY SHARES

At 31 December 2011 the company possessed 10,976,592 ordinary shares or 3.549 % of the share capital for a total of €22,141,778.

2.16 RESEARCH AND DEVELOPMENT

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

2.17 SIGNIFICANT TRANSACTIONS

During the year ended 31 December 2011, no significant non-recurring transactions or atypical/unusual transactions, as defined in CONSOB's notice of 28 July 2006, were carried out with third parties or between companies in the Group.

2.18 RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED ACCOUNTS AT 31/12/2011

Reconciliation between the parent company and the consolidated accounts	Net Profit		Net Equity	
Amounts in thousands of euros	Group's portion	Minorities	Group's portion	Minorities
Balance - Parent company's financial statements	**29,968**		**750,311**	
Elimination of dividends	(7,000)			
Elimination of writedowns of consolidated equity investments	1,273			
Book value of the consolidated equity investments			(402,766)	
Subsidiaries' net profit and equity	5,804	(39)	398,104	11,812
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidation of PORTAMEDICEA (allocated to works in progress)			281	
- Goodwill from consolidation of MILLENIUM			3,952	
- Goodwill from consolidation of IMMOBILIARE LARICE			0	
- Goodwill from consolidation of Winmagazine			5,410	
- Goodwill from consolidation of Winmarkt management			1	
- Sale of group assets	11		(57)	
- Other adjustments	1		6	
Balance - consolidated financial statements	**30,057**	**(39)**	**755,241**	**11,812**

2.19 PROPOSED ALLOCATION OF NET PROFIT

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2011 which closed with a net profit of €29,967,526.

The Board of Directors proposes that this profit be allocated as follows:

- *€1,226,877 to the fair value reserve*
- *€1,437,032 to the legal reserve*
- *€23,861,814 to the shareholders as a dividend equal to €0.080 per each outstanding share which reflects treasury share accretion*
- *€3,441,803 to be carried forward*

The dividends to be distributed derive entirely from exempt operations and represent not less than 85% of the income generated by these operations in accordance with the norms and regulations governing the SIIQ regime.

Bologna, 8 March 2012

The Chairman

Gilberto Coffari

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

3


carpisa

3.1 COMPANY PROFILE

IGD SIIQ S.p.A. adheres to and complies with the Corporate Governance code for Italian Companies issued in March 2006, and amended in March 2010, by the Corporate Governance Committee of *Borsa Italiana S.p.A.*.
The Board of Directors to be appointed by the Company in 2012 will comply with the provisions of the Code approved in December 2011 relating to the composition of the Board and its Committees.
In compliance with the law, this Report contains a general description of the company's corporate governance structure and contains information about the ownership structure and adhesion to the Corporate Governance Code.
Immobiliare Grande Distribuzione Company di Investimento Immobiliare Quotata S.p.A. has a traditional system of management and control founded on the centrality of the Board of Directors. The financial audit is performed by external auditors, in accordance with the law.
The Company's Corporate Governance model is based on: (i) the guiding role of the Board of Directors in matters of corporate strategy, as a whole and through specifically appointed committees; (ii) the transparency of business decisions within the Company and vis-à-vis the market; (iii) the definition of a remuneration policy for the directors and the managers with strategic responsibilities which complies with the Code iv) the efficiency and efficacy of the internal control system; (v) the strict governance of potential conflicts of interest; and (vi) clear procedures for transactions with related parties and for the treatment of corporate information.
The Company's mission is to create value for all its stakeholders: shareholders, employees, clients and suppliers through sustainable growth.

In 2011, the Company approved the Corporate Sustainability Report which describes the characteristics of the IGD Group, the recent phases of its growth, its future growth objectives and the results achieved in 2010 with regard to economic, environmental and social sustainability.
The Corporate Sustainability Report is available to the public on the Company's website: www.gruppoigd.it

GLOSSARY

Board:
the Issuers' Board of Directors appointed by the Shareholders' Meeting held on 23 April 2009.

Civ. cod./c.c.:
the Italian Civil Code.

Code/Corporate Governance Code:
the Corporate Governance Code for listed companies approved in March 2006, and amended in March 2010, by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange). Unless specified otherwise, the principals, criteria and comments referred to are those found in the 2006 Code.

CONSOB:
the Commissione Nazionale per le Company e la Borsa(Italy's Stock Market Regulator).

CONSOB Market Regulations:
market regulations issued by CONSOB pursuant to Resolution n.16191 of 2007, as subsequently amended.

CONSOB Regulations for Issuers:
the regulations for issuers approved CONSOB in Resolution n. 11971 of 1999, as amended.

CONSOB Regulations for Related Party Transactions:
the Regulations issued by CONSOB pursuant to Resolution n. 17221 of 12 March 2010, as subsequently amended, for related party transactions.

Corporate Governance Code 2011:
the Corporate Governance Code for for listed companies approved in December 2011 by by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Issuer or the Company:
issuer of stock referred to in this Report.

Report:
the Report on Corporate Governance and Ownership Structure that companies are required to prepare pursuant to Art. 123-*bis* TUF.

TUF:
"Testo unico delle disposizioni in materia di intermediazione finanziaria" Legislative Decree n. 58 dated 24 February 1998 - Financial Markets Consolidation Act.

Year:
financial year closed on 31.12.2011 referred to in this Report.

3.2 INFORMATION ON OWNERSHIP STRUCTURE

(PURSUANT TO ART. 123-*BIS*, PAR. 1, T.U.F)

a) Share capital structure
(pursuant Art. 123-*bis*, par. 1, lett. a), TUF)

The share capital approved at 8 March 2012 totals €392,885,625.00, of which €309,249,261.00 is fully paid-in and subscribed, divided in 309,249,261 ordinary shares with a par value of €1 each.
Please note that during the meeting held on 8 March 2012, during which the Board of Directors approved this report, it also resolved to propose that the Extraordinary Annual General Meeting, convened on 19 and 20 April 2012, in second and first call, respectively, approve the elimination of the indication of the shares' par value.

b) Share transfer restrictions
(pursuant to art. 123-*bis*, par- 1, letter b), TUF)

There are no restrictions and all shares are freely transferable.

c) Significant interests in share capital
(pursuant to Art. 123-*bis*, par. 1, lett. c), TUF)

Based on the declarations received under art. 120 of TUF and other available information, the shareholders with voting rights holding more than 2% of the company's ordinary share capital at 8 March 2012 are those indicated in Table 1 "Significant interests in share capital" attached to this report.

d) Shares granting special rights
(pursuant to Art. 123-*bis*, para. 1, lett. d), TUF)

The shares issued all have the same rights.

e) Employee share ownership: exercise of voting rights
(pursuant to art. 123-*bis*, par. 1, letter e), TUF)

There are no specific mechanisms which provide for employee share ownership.

f) Restrictions on voting rights
(pursuant to Art. 123-*bis*, par. 1, lett. f), TUF)

There are no restrictions on voting rights.

g) Shareholder Agreements
(pursuant to Art. 123-*bis*, par. 1, lett. g), TUF)

The Company is party to the following shareholder agreement deemed relevant pursuant to Art. 122 of Legislative Decree 58/1998 (TUF):

- On 7 February 2011 Coop Adriatica S.c.a r.l. ("Coop Adriatica") and Unicoop Tirreno Company Cooperativa ("Unicoop Tirreno") stipulated a Shareholders' Agreement which establishes a voting block of Immobiliare Grande Distribuzione SIIQ S.p.A. shares, pursuant to Art. 122 paragraphs 1 and 5 lett. A) and B), of Legislative Decree n. 58/1998 designed to facilitate the Company's strategic decisions and their management. The Agreement involves 170,516,129 ordinary IGD shares or 55.139% of the company's share capital (the "Syndicated Shares") of which 157,713,123 or 51% of the share capital are bound by a voting block (the "Block Shares"). The agreement will expire on 30 June 2012.

The agreement referred to above is available to the public on CONSOB's website, as required with current law.

h) Provisions relating to change of control clauses (pursuant to Art. 123-*bis*, par.1, lett. h), TUF) and takeover bids (pursuant to Art. 104, par. 1-*ter*, and 104-*bis*, par. 1)

In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the company contracting party should change.
With regard to the provisions found in the company by-laws relating to takeover bids, there are no clauses which provide for exceptions to the passivity rule nor application of the breakthrough rule.

i) Authority to increase share capital and authorizations to buy back shares
(pursuant to Art. 123-*bis*, par. 1, lett. m), TUF)

During the Annual General Meeting, meeting in extraordinary session on 25 June 2007, shareholders voted to issue bonds convertible into newly issued ordinary shares of IGD with a combined nominal value of €230,000,000.00, represented by 2,300 convertible bonds with a nominal value of €100,000.00 each, excluding any pre-emption rights, pursuant to Art. 2441, 5th and 6th paragraphs, of the Italian Civil Code and resolved to increase the share capital, in a divisible manner, for the purpose of servicing conversion of the bonds up to a maximum of €46,653,144.00 at par, in one or more instalments through the issue of up to 46,653,144 ordinary shares of a par value of €1.00 each, with the same dividend rights as shares in circulation on the issue date to be used exclusively and irrevocably to service the conversion of the bonds. The capital increase will remain irrevocable through the expiration of the bond conversion period and is limited to the amount of shares subject to conversion.
Subsequently, on 22 April 2010, the Extraordinary Annual General Meeting, approved amendments to the terms and conditions of the above mentioned convertible bond to extend the expiration from June 2012 to 28 December 2013, increase the cash coupon from 2.50% to 3.50% with payment of the coupon half-yearly instead of yearly, and lower the conversion price from €4.93 a €2.75. Consequently, the Extraordinary Shareholders' Meeting resolved to increase share capital in order to service the conversion of the bond for up to a maximum amount of €83,636,364.00, in one or more instalments, through the issue of up to maximum of 83,636,364 ordinary shares with a par value of €1.00 each.
On 20 April 2011 the Ordinary Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares in accordance with Art. 2357, second

paragraph, of the Italian Civil Code. On 8 March 2012 the Company's Board of Directors resolved to propose that the shareholders convened in ordinary session on 19 April 2012 revoke the expiring authorization granted by the shareholders 20 April 2011 and grant a new authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code.
The purchase and disposal of treasury shares will be done in accordance with the means established by the shareholders as indicated in the Directors' Report.

As of the date in which the Directors' Report was approved, the Company holds 10,976,592 treasury shares, equal to 3.549% of the share capital.

l) Direction and control
(pursuant to Art. 2497 et seq. Italian Civil Code)
The Company is subject to the direction and control of shareholder Coop Adriatica s.c.ar.l. who controls 41.497% of the company's share capital.

Other information

Indemnity of Directors
(pursuant to art. 123-*bis*, para 1, letter i), TUF)
There is no agreement between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid.
Please refer to the information contained in the Remuneration Report published pursuant to Art. 123-*ter* of TUF and available on the Company's website: www.gruppoigd.it.

Norms applicable to the appointment and replacement of directors, amendments to the corporate by-laws
(pursuant to Art. 123-*bis*, par. 1, lett. l),TUF)
The appointment and replacement of the directors, as well as amendments to the corporate by-laws, are conducted and governed in accordance with Title V of the bylaws (Board of Directors) made available on the company's website (www.gruppoigd.it). Please refer to the section "Board of Directors" of this report for further information.

3.3 COMPLIANCE

(PURSUANT TO ART. 123-*BIS*, PAR. 2, LETT. A), T.U.F)

Since its IPO, on 11 February 2005, the Company has adopted the Corporate Governance Code and has structured its corporate governance, the rules and standards of conduct, in a way that ensures efficient and transparent corporate bodies and control systems in line with the code guidelines.
The code is published on Borsa Italiana's website (www.borsaitaliana.it).
The structure of the company's governance is described in this section of the Directors' Report.

Corporate governance structure

Insofar as it is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors.
The Shareholders' Meeting is the forum used by the shareholders to express their wishes. The resolutions are made in accordance with the law and the bylaws while the meetings are governed by specific regulations adopted by the Company in order to ensure that the meetings are carried out in an orderly and efficient manner. The issuer's current corporate by-laws comply with the new directives contained in Legislative Decree 27/2010 relating to shareholders' rights which facilitate shareholder participation and the exercise of voting rights during the shareholder meetings.

The Board of Directors defines the strategy for the Company and its subsidiaries and oversees the business operations. In accordance with the bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders.
The Board of Statutory Auditors oversees compliance with the law and the bylaws and ensures that the standards of correct administration are observed and, in particular, that the organizational, administrative and accounting structures are adequate, that they function correctly, that the corporate governance rules provided for in the Code are complied with and that the disclosures made by the Company to its subsidiaries comply with Art. 114, paragraph 2, of the TUF (public disclosures).
The Board of Statutory Auditors is not responsible for financial audit which is, in accordance with the law, assigned to a financial audit company appointed by the shareholders. In this regard the Board of Statutory Auditors may be called upon to provide shareholders with a motivated opinion as to the choice of the external audit firm to be hired for financial audit.

The company's subsidiaries include the Romanian company WinMagazine SA which, however, has no impact on IGD's current corporate governance structure.

3.4 BOARD OF DIRECTORS

3.4.1 Appointment and replacement (pursuant to Art. 123-*bis*, para. 1, lett. l), TUF)

The Company is administered by a Board of Directors composed, as per the bylaws, of seven to nineteen members.
The shareholders' meeting of 23 April 2009 decided that there will be 15 members in the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2011.
Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists submitted by the shareholders in maximum transparency and in accordance with Art. 6.P.1 of the Corporate Governance Code. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the percent interest determined in accordance with CONSOB regulations. The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting which, in accordance with the provisions of Legislative Decree 27/2010 relating to Shareholders' Rights, will be mentioned in the notice of call.
Pursuant to Art. 147-*ter*, paragraph 1-*bis*, TUF, Shareholders must submit the certification attesting to possession of the shares needed to file voting lists, determined on the basis of the shareholders of record on the day the lists were filed with the company, issued by an intermediary authorized in accordance with the law at least 21 days prior to the Annual General Meeting is to be held.
The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 ter, fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.
Please note also that with regard to gender quotas within administrative and control bodies, introduced in Law 120 of 12 July 2011, and acknowledged in the Regulations for Issuers, on 8 March 2012 the Board of Directors approved this report and also resolved to submit to the Annual General Meeting, convened in extraordinary session on 19 and 20 April 2012, in first and second call respectively, a proposal to amend the bylaws in order to include provisions involving the way in which the lists for the election of the Board of Directors and the Board of Statutory Auditors are drawn up in order to promote equal gender opportunity as called for in the previously mentioned law.
In compliance with the bylaws, the lists must be filed along with the candidates' irrevocable acceptance of office (should they be elected), curriculum vitae, and statements confirming that there are no reasons for ineligibility and/or disqualification and that they meet the requirements set by law.
Art. 16.4 of the bylaws, reflecting the new provisions of Art. 147-*ter*, paragraph 3 of the TUF (as amended by the Investor Protection Law and the Corrective Decree), prohibits any shareholder from submitting or participating in the submission of more than one list. In keeping with the above, Art. 16.7 of the bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking.
Art. 16.8 of the bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-*ter*, par. 3 of the TUF.
The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, deemed relevant as per Art. 122 of the TUF, was recently renewed on 7 February 2011 and will expire on 30 June 2012.
Pursuant to Art. 2 of the agreement above the Board of Directors of IGD is to be comprised of 15 members for the duration of the agreement. In the event the Board of Directors is renewed, the parties agreed to submit a list of fifteen candidates, consisting of 7 directors designated by the Coop Adriatica (3 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998), 5 directors designated by Unicoop Tirreno (2 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998) and 3 directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code). Furthermore, pursuant to both Art. 2 above and Art. 16.7 of the bylaws, if more than one list is submitted, at least one director must be appointed from the minority list.

Succession plan

The Company has not adopted a succession plan for its executive directors.

3.4.2 Composition (pursuant to Art. 123-*bis*, para 2, lett. d) TUF)

The Board of Directors in office through 31.12.2011 consists of 15 directors and was appointed by the shareholders during the meeting held on 23 April 2009 for a term of three years which expires on the date the Annual General Meeting is called to approve the financial statements at 31 December 2011.

During the Shareholders' Meeting held on 23 April 2009 the two lists of the majority shareholders Coop Adriatica and Unicoop Tirreno and the two minority shareholders Company Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio di Bologna were presented. The lists were submitted with all the documentation relating to the personal characteristics of the candidates along with their irrevocable acceptance of the appointment in the time period provided for under the law.

The members of the current Board of Directors, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed as of the date in which this report was approved, can be found in Table 2 "Structure of the Board of Directors and Committees" attached.

The current Board of Directors is composed of members who possess different professional and personal characteristics and include university professors, freelance professionals, entrepreneurs, as well as corporate executives. The majority of the directors qualify as independent as defined in the Corporate Governance Code and the TUF.

In accordance with the Rules for Corporate Governance approved by the Board of Directors on 18 September 2008 and updated during the meeting held on 9 March 2011 and on 10 November 2011, the directors agree to accept appointments when they feel that they will be able to dedicate sufficient time to fulfilling their duties given the nature of the assignment, including taking into account any other directorships or statutory auditorships held in other companies, including in light of the maximum permitted number of appointments described below.

All the directors dedicate the time deemed necessary to diligently fulfil their duties, taking into account other offices held and are aware of the responsibilities inherent in the positions they hold; they must be constantly up-to-date as to new laws and regulations which concern the Company and its operation.

The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company may regulate the directors' conduct; the directors, like the statutory auditors, must treat any documents and information to which they might have access in the course of their duties with the maximum confidentiality.

Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in another company that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, in accordance with the proposal received from the Nominations Committee. Based on the regulations, the term "maximum number" does not refer solely to the number of offices held, but also attributes a weight to each type of appointment in relation to the nature and size of the company, as well as the position held by IGD's directors in other companies, in light of the fact that more time is dedicated to certain positions than to others. In light of this consideration, IGD's Board of Directors held that the weight to be attributed to the office of Chairman, Executive Director be different, for example, than that of a non-executive director or member of the Board of Statutory Auditors. Lastly, the weight attributed each office was also different based on the type and size of the company and two sub-categories were established; Group A and Group B. Group A includes other companies listed on regulated markets, financial institutions, banks, insurance companies or other large companies. All the companies which are not part of Group A are automatically considered part of Group B. In light of these considerations, the Board listed the overall weight of the offices held in other companies which can be considered compatible with acting effectively as a director in IGD.

The general criteria described above were approved by the Nominations Committee and then by IGD's Board of Directors in light of the fact that in order to act as a director the appointees must be able to devote the time necessary to diligently and effectively fulfil his/her obligations. On the basis, therefore, of the regulations governing "Limits to the maximum number of appointments allowed in other companies" the current board was found to be fully compliant[1].

Pursuant to the Corporate Governance Code the principle offices held by directors in companies other than those of the IGD Group can be found in Table 4 "Offices held by the directors at 31.12.2011", attached.

1 Corporate Governance Code: Art. 1.C.3.

3.4.3 Role and functions of the Board of Directors
(pursuant to Art. 123-*bis*, par 2, lett. d) TUF)

The Company is administered by a Board of Directors.
In order to ensure maximum attendance at the Board meetings, they are held on the dates indicated in a financial calendar which has been disclosed to the market in accordance with *Borsa Italiana's* instructions. Additional meetings may be called if deemed necessary in order to address certain issues; the Board, at any rate, takes the steps necessary to effectively fulfil its duties. The Company published the following financial calendar which calls for 4 meetings to be held in 2012:

- 8 March 2012: Board of Directors' meeting to examine the separate and consolidated financial statements at 31.12.2011;
- 10 May 2012: Board of Directors' meeting to examine the Interim Management Statement at 31.03.2012;
- 28 August 2012: Board of Directors' meeting to examine the Half-year Financial Report at 30.06.2012;
- 8 November 2012: Board of Directors' meeting to examine the Interim Management Statement at 30.09.2012.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2012.
Pursuant to Art. 17.3 of the bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes.
Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors. Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above. Typically the meetings are called via e-mail.
The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151, second paragraph of TUF as amended by Law n. 262/2005 (the Uniform Savings Act).
The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.
The Issuer, in order to promote active participation at the Board meetings, provides the Directors and the Statutory Auditors with the documentation relating to the items on the Agenda at least two days before the meeting is to be held.
Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.

For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.
The bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session. If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the bylaws the chairman and/or the chief executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.
Typically the Issuer's managers attend the Board of Directors' meetings in order to provide additional information regarding the items on the Agenda.
During the year ended 31 December 2011, the Board of Directors held 7 meetings, on 9 March, 13 April, 11 May, 23 June, 25 August, 10 November, 15 December, duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of 3 hours.

Some meetings of the Board of Directors were attended by Company executives or external parties, when deemed appropriate, so they could provide specialized input on the topics up for debate.
Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries[2];
- judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries as arranged by the chief executive officer, with particular reference to the internal control system and the management of conflicts of interest;
- defines, with the help of the Internal Control Committee, the guidelines for the internal control system and, at lease once a year defines, evaluates its adequacy, efficacy and functioning with respect to the nature of the Company's business and appoints an executive director to monitor the functioning of the internal control system;

- appoints and dismisses, in accordance with the proposal submitted by the executive director in charge of internal control and recommendations of the Internal Control Committee, one or more internal control officers;
- in order to encourage the involvement and cooperation of the directors, institutes the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;
- grants and revokes the powers of the chief executive officer, defining limits and procedures; establishes the frequency—no less than quarterly—with which the chief executive officer must report on his or her activities to the Board of Directors;
- determines, after consulting the Board of Statutory Auditors and the relative committee, the compensation of the chief executive officer and the other directors with particular responsibilities, and divides the Board of Directors' overall compensation among its members if the shareholders' meeting has not done so;
- evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
- examines and approves in advance the transactions of the Company and its subsidiaries, where such transactions are strategically, economically or financially significant for the Company, paying special attention to situations in which one or more directors have an interest on their own or on third parties' behalf and, more generally, to transactions with related parties;
- decides which controls are necessary to prevent conflicts of interest and defines the regulations for transactions with related parties and establishes the general criteria to define significant transactions and adopts measures to ensure that the strategically important subsidiaries submit any such transactions to the Board of Directors of the Parent Company for examination;
- evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, expressing any opinions as to the professional figures whose presence on the board would be considered appropriate;
- prepares the report on corporate governance in accordance with the Corporate Governance Code with particular focus on the number of Board of Directors' meetings held during the year and the attendance of each director;
- after the appointment of an independent director and subsequently once a year, evaluates – based on the information received form the interested party or, at any rate, available to the Company - the independent status of its non-executive members: this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report).

Pursuant to the Corporate Governance Code, the Board of Directors, during the meeting held on 9 March 2011, used the reports provided by the Chief Executive Officer during the year in accordance Art. 2381 of the Italian Civil Code, the reports prepared by the Internal Control Committee, the Supervisory Board, and the Internal Audit, as well as the Report prepared by the Financial Reporting Officer regarding the preparation of the accounting ledgers, to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system and the management of any conflicts of interest[3].
The Board of Directors, in accordance with the bylaws and the current norms and regulations and based on the information provided by the Chief Executive Officer and the Board of Statutory Auditors, evaluated the company's performance, its outlook and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries at least quarterly[4].
In 2011, the Board of Directors, also met specifically to: (i) examine and grant advance approval of any transactions undertaken by the Company and its subsidiaries of significant strategic, economic, capital or financial transactions, particularly those in which one or more directors held an interest directly or on behalf of third parties[5]; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees[6].
With regard to the latter, for the year that closed on 31 December 2011, the Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. The outcome is described below.

Board performance evaluation

IGD hired the consulting company Egon Zehnder International to help with this self-assessment process. This survey, relating to the year closed on 31 December 2011, was conducted in the months of January and February 2012 in accordance with the most sophisticated international best practices with the help of Egon Zehnder International and was carried out on the basis of:
- discussions with each Director, after having completed a questionnaire prepared for this purpose, in light of the areas in need of improvement indicated in the 2010 Board Review;

2 Corporate Governance Code Art. 1.C.1., lett. a)
3 Corporate Governance Code Art. 1.C.1., lett. b)
4 Corporate Governance Code Art. 1.C.1., lett. e)
5 Corporate Governance Code Art. 1.C.1. lett. f)
6 Corporate Governance Code Art. 1.C.1, lett.g)

- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results, including the areas found to be in need of further improvement, were presented during the Board of Directors' meeting held on 8 March 2012. More in detail, IGD's Board of Directors was found to have achieved levels of market excellence in terms of:

- Size which was found to be adequate and efficient, with a majority of independent directors;
- The presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to:
  - positive and efficient environment; adequate and timely distribution of information to the directors in preparation for the Board meetings;
  - effective dialogue and ability to make decisions, in particular with regard to financial matters and the assessment of investments;
  - the Chairman's ability to coordinate, guide and facilitate the Board's activities which was well supported by the Chief Executive Officer(the consensus of the Board is always reached without difficulty);
- useful and adequate participation of company managers in the Board meetings when deemed opportune.

Please note that in accordance with the provisions regarding non competition clauses in Art. 2390 of the Italian Civil Code, no general or advance exceptions in this regard were authorized[7].

3.4.4 Executive Directors

Chief Executive Officer

The bylaws[8] state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee comprised of some of its members and/or one or more members given the title of chief executive officer or executive directors.

On 30 April 2009, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers, which were subsequently amended on 17 December 2009:

- to develop and propose – as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the drafting of the business plans, annual budget and the relative reporting;
- to monitor and coordinate any related activities: general services, any legal problems and fiscal implications;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD SIIQ S.p.A. and third parties and the budgets approved by the Board of Directors, in compliance with applicable provisions of law;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.

7 Corporate Governance Code Art. 1.C.4.

8 Art. 23 of the bylaws

9 Art. 17 of the bylaws

Chairman and Vice Chairman of the Board of Directors

In compliance with the bylaws[9] the Board of Directors appoints from among its members a Chairman, if the shareholders have not done so, and a Vice Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice Chairman and if the Vice Chairman is absent the chairmanship is assumed by the Chief Executive Officer.
The chairman of the Board of Directors has signing authority for the Company and shall represent it as its Legal Representative[10] before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws.
During the meeting held on 30 April 2009, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions, subsequently amended on 17 December 2009 and 23 June 2011:

- to develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by the shareholder cooperatives;
- to interface with the shareholder cooperatives regarding any integration of the respective investment plans.
- to take responsibility for the internal audit functions, with the exception of those reserved for the Chief Executive Officer who is responsible for the full functioning of the Internal Control System.
- to maintain and develop – together with the Chief Executive Officer – relationships with the consumer sector cooperatives in order to explore possible aggregations of the shopping centers included the real estate portfolio.

During the meeting held on 30 April 2009, the Board of Directors appointed Sergio Costalli Vice Chariman, granting him the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

Executive Committee
(pursuant to Art. 123-*bis*, para. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must report in writing at least once a quarter, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. Each director may request that the deputized parties provide the Board with information regarding the Company's management.
For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations.
The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.
The guidelines also contain information about the supervisory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).
The Guidelines are published in full on the Company's website (www.gruppoigd.it).

3.4.5 Other Executive Directors[11]

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director.

10 Art. 24.1 of the bylaws
11 Corporate Governance Code: Art. 2.C.1.

3.4.6 Independent Directors

The Company's Board of Directors evaluated compliance with the requirements for independent, non-executive directors provided for in the Corporate Governance Code and TUF upon and subsequent to appointment of the directors. The outcome of this evaluation was disclosed to the market.

After having examined the information provided by the directors, in the meeting held on 8 March 2012 the Board of Directors confirmed that the independent directors appointed (Aristide Canosani, Fabio Carpanelli, Massimo Franzoni, Francesco Gentili, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini, Sergio Santi) still qualified as such[12]. In accordance with the Corporate Governance Code, the Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board[13]. As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 57% of the total number of non-executive directors. Please note that the Board of Directors also verified that all the directors who qualify as independent pursuant to the Corporate Governance Code also meet the requirements for independent applied to members of the Board of Statutory Auditors pursuant to TUF.
The Independent Directors met once in 2011 (15 December 2011) as convened by the Lead Independent Director.

3.4.7 Lead Independent Director

In February 2007, in order to further enhance the role of independent directors, the Board decided to introduce the title of **Lead Independent Director.** More in detail, the Board of Directors deemed it opportune to appoint a lead independent director also because, through 31 May 2011, the Chairman of the Board of Directors was also the Chairman of the Board of Directors of the Company's majority shareholder.
In order to improve the contribution and role of the independent directors will refer to the Lead Independent Director, Riccardo Sabadini, who will act as the reference person and coordinator for all positions and activities of the independent directors.

The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only ("independent directors' executive sessions") to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

12 Corporate Governance Code: Art 3.C.4
13 Corporate Governance Code: Art. 3.C.5.

3.5 TREATMENT OF CORPORATE INFORMATION

Procedure for managing and disclosing price sensitive information

In accordance with Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents[14].

The procedure is to be followed by all members of corporate bodies, as well as managers and employees of the Company and its subsidiaries who have access to price sensitive information. They must, therefore, keep confidential the documents and information obtained during the course of their duties and follow the procedure the Company has adopted for the internal management and disclosure to third parties of such data.

The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

Registry of Insiders

Pursuant to Art. 115-*bis* TUF and in order to foster greater control in the internal management and disclosure of price sensitive information, in June 2006 the Company established a registry of the persons who have access to price sensitive information, the “Registry of Insiders”.

The purpose of the above mentioned regulation is twofold; to develop greater awareness as to the importance of price sensitive information and to facilitate Consob’s supervisory activities, as well as the judicial authorities’ investigations in cases involving potential market abuse.

All the directors, statutory auditors, managers and employees who have access, on a continuous basis to price sensitive information, are listed in the registry.

Internal dealing

In accordance with Art. 114, paragraph 7 of Legislative Decree 58 of 24 February 1998, as amended (the TUF), and with the implementation provisions found in Arts. 152-*sexies* et seq. of the CONSOB regulations approved with Resolution 11971 of 14 May 1999, as amended (the “Regulations for Issuers”), effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company’s shares or on related financial instruments.

The code of conduct is available at www.gruppoigd.it in the Governance section.

14 Corporate Governance Code: Art. 8.C.4.

3.6 BOARD COMMITTEES
(PURSUANT TO ART. 123-*BIS*, PAR. 2, LETT. D), TUF)

In 2008 the Board of Directors, in accordance with Art. 5.P.1. of the Code, formed the Compensation Committee, the Nominations Committee and the Chairman's Committee, the Internal Control Committee and the Committee for Related Party Transactions. The members of each committee were appointed when the Board was recently confirmed in 2009 (with regard to the Committee for Related Party Transactions, please refer to paragraph 12 "Directors' interests and related party transactions").

3.7 NOMINATIONS COMMITTEE

The Company's Board of Directors instituted a Nominations Committee in 2008 in accordance with Art. 6.P.2. of the Corporate Governance Code.

Composition and role of the Nominations Committee
(pursuant to Art. 123-*bis*, par 2, lett. d) TUF)

The Nominations Committee consists of three non-executive independent directors in the persons of Andrea Parenti, Giorgio Boldreghini and Fabio Carpanelli.
The Nominations Committee met 2 times in 2011 and expressed its opinion about the subsidiaries' directors and the hiring of managers.

Functions of the Nominations Committee

The Nominations Committee submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management. The Nominations Committee may also be called upon to express an opinion about the type of administrative body to be formed (single party or board), the number of members and the candidates to be presented for director, statutory auditor, chairman, vice chairman and general manager (and/or chief executive officer) of the subsidiaries or affiliates.

3.8 COMPENSATION COMMITTEE

Composition and role of the compensation committee
(pursuant to art. 123-*bis*, par. 2, lett. d), TUF)

The Compensation Committee is comprised of three independent directors in the persons of Riccardo Sabadini, also appointed Chairman, Sergio Santi and Francesco Gentili.
The Compensation Committee met 7 times in 2011: Santi Sergio attended 86% of the meetings, Francesco Gentili and Riccardo Sabadini 100%.
The information regarding the functions of the Compensation Committee can found in the Remuneration Report, to which you are invited to refer, published in accordance with art. 123-*ter* of TUF, available on the Company's website http://www.gruppoigd.it/Governance/Remunerazione.

3.9 DIRECTORS' REMUNERATION

This information can be found in the Remuneration Report, to which you are invited to refer, published in accordance with art. 123-*ter* of TUF, available on the Company's website http://www.gruppoigd.it/Governance/Remunerazione.

Chairman's Committee

The Chairman's Committee is comprised of the Chairman, the Vice Chairman, the Chief Executive Officer, as well as the Director Roberto Zamboni and Independent Director Sergio Santi.
The Chairman's Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same. The committee is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter could have a significant impact on the value or composition of the company's equity or stock price.

The Chairman's Committee met 5 times in 2011.

3.10 INTERNAL CONTROL COMMITTEE[15]

The Internal Control Committee was established by the Board of Directors in accordance with the Rules for Corporate Governance and the recommendations found in the Corporate Governance Code[16].

Composition and role of the internal control committee
(pursuant to art. 123-*bis*, par. 2, lett. d), TUF)

The Internal Control Committee is made up of three non-executive directors, the first two of whom are independent[17], in the persons of Aristide Canosani, Massimo Franzoni and Leonardo Caporioni. The Board of Directors considers Leonardo Caporioni to have sufficient accounting and financial experience[18].
The Chairman of the Board of Statutory Auditors, or who on his behalf[19], may be invited to attend the meetings of the Internal Control Committee.
In 2011 the Internal Control Committee met 5 times, on 8 March, 7 April, 23 June and 10 November and minutes were regularly taken. Each meeting lasted an average of 1 hour with attendance reaching 100% for Massimo Franzoni, 80% for Aristide Canosani and 100% for Leonardo Caporioni.

Functions of the Internal Control Committee

The Internal Control Committee helps the Board of Directors: i) to define the guidelines for the Company's internal control system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored while also evaluating the extent to which these risks are compatible with sound and correct business management[20]; ii) to appoint the executive director in charge of supervising the proper functioning of the internal control system, as required by the Corporate Governance Code; iii) to draft the part of the annual corporate governance pertaining to the internal control system, its essential components and the evaluation as to the overall adequacy of the system itself.
The Internal Control Committee, in addition to assisting the Board of Directors on the matters above, also:

- assesses, along with the Financial Reporting Officer and the auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of both the separate and consolidated financial statements[21];
- at the request of the executive director in charge, expresses opinions on specific aspects concerning the identification of business risks, and on the planning, realization and management of the internal control system[22];
- evaluates the plan of work and periodic reports prepared by the internal control officers[23];
- evaluates accounting firm's bids for the external auditing assignment, and reviews the external auditing plan and the auditors' reports and recommendations[24];
- monitors the efficacy of the external auditing process[25];
- performs the other duties entrusted to it by the Board of Directors, particularly as regards relations with the external auditors, the Board of Statutory Auditors, the Supervisory Board and the Financial Reporting Officer;
- reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control system[26].

Through the end of 2010 the Internal Control Committee held a particular role with regard to transactions with related parties which is discussed in paragraph 14 "Directors' Interests and Transactions with Related Parties" based on the "Procedure for Related Party Transactions" adopted by the Company through the previously mentioned date. At the end of 2010, IGD's Board of Directors, in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob regulations governing related party transactions as per Resolution n. 17389 of 23.06.2010, adopted a new "Procedure for Related Party Transactions" and, at the same time, formed a new "Committee for Related Party Transactions" which is responsible for topics pertinent to related party transactions effective 1 January 2011.
The "Procedures for related party transaction" adopted by the Company in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob Regulations for Related Party Transactions became effective as of 1 January 2011. Consequently, in 2011 the "Committee for Related Party Transactions" took over the activities relative to transactions related party transactions, including those which upon until 31.12.2010 had been carried out by the Internal Control Committee.
During the meetings held in 2011 the Committee was involved primarily in the following activities:

a. assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;
b. examination of the controls conducted by Internal Audit based on the work plan agreed upon.

15 The Internal Control Committee referred to is the committee formed in accordance with the Corporate Governance Code to which the Internal Control Committee defers, as does the Board of Statutory Auditors, in accordance with regulations related to financial audit pursuant to Art. 19 of Legislative Decree 39/2010.
16 Corporate Governance Code: Art. 8.P.4.
17 Corporate Governance Code: Art. 5.C.1., lett. a)
18 Corporate Governance Code: Art. 8.P.4.
19 Corporate Governance Code: Art. 8.C.4.
20 Corporate Governance Code: Art 8.C.1.
21 Corporate Governance Code: Art 8.C.3., lett. a)
22 Corporate Governance Code: Art 8.C.3., lett. b)
23 Corporate Governance Code: Art 8.C.3, lett. c)
24 Corporate Governance Code: Art. 8.C.3, lett. d)
25 Corporate Governance Code: Art. 8.C.3, lett. e)
26 Corporate Governance Code: Art. 8.C.3, lett. g)

3.11 INTERNAL CONTROL SYSTEM [27]

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon through the proper identification, assessment and control of the primary risks facing the company. This internal control system helps guarantee (i) the safeguarding of the company's assets, (ii) the efficiency and efficacy of the company's operations, (iii) the reliability of financial information, and (iv) compliance with laws and regulations.

The roles and responsibilities with regard to risk management and the control system are identified and defined in the report "IGD's Internal Control System" which summarizes the structure and functions of the Internal Control System and which was approved by the Board of Directors on 14 May 2008. These provisions are in line with the recommendations found in Borsa Italiana's Corporate Governance Code to which the Company adheres since its IPO.

The Board of Directors is responsible for the internal control system and toward this end works with the Internal Control Committee in order to establish system guidelines and periodically verify that they are being complied with.

The position of Executive director in charge of internal control, identified in the person of the Chief Executive Officer, must identify the company's primary risks and implement the guidelines defined by the Board of Directors, while verifying their overall adequacy, efficacy and efficiency.

The Internal Control Officer, also the Head of Internal Audit, must verify that the internal control system is always adequate, fully operative and functional.

IGD's Internal Control Officer was appointed by the Board of Directors, after having consulted with the Internal Control Committee, from within the audit company Unilab.

The Internal Control Officer reports to the Internal Control Committee and to the Board of Statutory Auditors; it may also be requested that he report to the Executive director in charge of internal control.

In order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. This "ERM" model helps top management to identify the primary risks to which the Company is exposed, how to manage them, as well as to define the risk management system. The main objective is to implement a systematic and pro-active risk management system capable of understanding the potential negative impact of risks in advance, take the necessary steps to control them, as well as continuously monitor the different exposures.

Thanks to the Enterprise Risk Management project completed by IGD, the results of which were presented to the Board of Directors on 15 December 2011, a systematic management system was implemented which makes it possible for the Group and top management to identify, measure and assess strategic, operational, financial and compliance risks.

The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business. The methods used as part of the Group's ERM system call for the following periodic activities: (i) verification and/or update of the risk map, in light of the Company's strategies and the organizational and business models; (ii) confirmation as to the efficacy of the risk assessment model used and its appropriateness given the Company's organizational structure, business and strategies; (iii) analysis of the risks identified, the organization of the risk management personnel and the risk control measures used; (iv) assessment of the risks to which Group companies are exposed; (v) assessment of the level of risk coverage based on the control mechanisms used; (vi) prioritization of the risks and the steps to be taken; (vii) risk tolerance analysis in accordance with the instructions received from the Group's top management; (viii) definition of the management and control strategies and assignment of responsibilities; (ix) monitoring implementation of the system and related activities over time.

In 2011 the Group continued to implement the ERM system by adopting methods and operative tools which made it easier assess risk, above all financial, as well as to monitor the system on the basis of a risk assessment plan. As part of this project, the company Unilab, under the supervision of the Chief Executive Officer, was appointed to act as Risk Manager. The Risk Management team will coordinate the activities relating to the implementation of the model and the control of the risk control activities.

A specific working group was formed in order to carry out the activities listed above.

In 2011 IGD also updated the Group's Risk Assessment program, verifying the status of the risks assessed during the first phase of the ERM project and the most significant changes made with regard to their identification and mitigation, as well as incorporating new criteria for assessing the impact of reputation risk.

The internal controls implemented in relation to the financial reporting process play an important part in the general

27 Corporate Governance Code: Art. 1.C.1., lett. b)

process used to identify and assess areas of the Group's business risk and to develop an internal control system that best controls these business risks.
The ERM model should not, therefore, be considered separately from the internal controls implemented in relation to the financial reporting process, insofar as both are part of IGD's overall internal control systems.

In this regard, it is noted that the preparation of the yearly and interim financial reports and, in particular, to the identification of the principle risks facing IGD and the Group, are strictly linked to the Enterprise Risk Management systems used by the Company and the Group to identify, assess and mitigate business risk.

Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.
The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting.
The methods used by the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations for the Finanical Reporting Officer found in the guidelines issued by ANDAF.
The internal control system implemented in relation to IGD's financial reporting process involves the following activities:

- Identification of the perimeter of the relevant administrative-accounting processes;
- Assessment of the risk management and administrative-accounting control processes;
- Identification and implementation of any needed improvements;
- Definition of the administrative-accounting control system;
- Verification as to the functioning of the controls.

As part of the yearly and half-yearly financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks. During 2011, as part of the Enterprise Risk Management program, the administrative-accounting control system was subject to specific monitoring in accordance with Law 262/05.
The activities listed above are described in greater detail below.

Identification of the perimeter of the relevant administrative-accounting processes

This activity involves defining the perimeter of the Group and Group company processes to be controlled. Quantitative and qualitative parameters are used to assess the risks and the administrative-accounting controls based on the impact that the different items have on the financial statements.
This perimeter is constantly reviewed each year by the Company to determine if any changes are needed, including with regard to the companies doing business in Romania. Another review of the perimeter was made in order to update the administrative-accounting controls in light of changes in the Group's organizational structure and business.
This scoping phase calls for a multi-year plan based on which the processes, risks and administrative-accounting controls are reviewed.

Assessment of the processes, risks and administrative-accounting controls

This activity involves assessing the financial reporting control system used with regard to each item, process and transaction in order to effectively mitigate the risks linked to the administrative-accounting process.
The approach used takes into account the margin for error, as well as the risk that fraudulent acts may occur, by providing for controls and verifications of this type of risk which are coordinated with the controls implemented as part of the entire internal control system.
The approach used also takes into account both manual and IT system controls which include automatic controls incorporated into applications, as well as the general IT controls that regulate system access, systems development and the adequacy of the IT structures.
Based on the multiyear plan referred to above, the assessment of the processes pertaining to Group companies was prioritized. More in detail, the analyses of the processes used to identify and control risks continued as part of the risk assessment and the scoping reviews conducted pursuant to Law 262/05. The Financial Reporting Officer constantly monitored the adequacy of the controls implemented and, if necessary, took corrective action.
Definition of the administrative-accounting system
Based on the results of the assessment of the processes, risks and controls, the Company then defines or updates the administrative-accounting procedures and guarantees their adequacy with respect to the internal control system by monitoring the different phases of the process used to update or define each procedure. The administrative-accounting procedures are defined and implemented on the basis of a plan; the Company also standardized the administrative-accounting procedures used by the Romanian companies.

Verification of the administrative-accounting procedures

The administrative-accounting procedures are continuously monitored; toward this end specific checks are programmed in order to ensure that the administrative-accounting procedures and the relative controls have been correctly implemented. These controls are made of the entire perimeter of the companies active in Italy, with the support of Internal Audit, as well as in Romania.

* * *

During the year the Board monitored the adequacy, efficacy and functioning of the internal control system, based on the information provided by the Internal Control Committee, as well as the reports prepared by the Chief Executive Officer, the Financial Reporting Office and Internal Audit.

* * *

3.11.1 Executive in charge of Internal Control

In 2007 the Board of Directors, with the help of the Internal Control Committee, identified the Executive director in charge of internal control in the person of the Chief Executive Officer who, in accordance with the Code's recommendations, has the following duties:

- identification of the company's principal risks, taking into account of the business carried out by the Issuer and its subsidiaries and periodically report his findings to the Board of Directors;
- execution of the guidelines defined by the Board of Directors while ensuring that the internal control system is properly planned, implemented and managed and verifying its overall adequacy, efficacy and efficiency; adaptation of this system to reflect business conditions and changes in the law and regulations;
- submission of proposals regarding the appointment, dismissal and compensation of one or more Internal Control Officers to the Board of Directors.

The Executive director in charge of internal control performed his duties with the support of the Internal Control Committee and the Internal Control Officer and also used the powers granted him in order to guarantee full compliance with the Corporate Governance Code for listed companies.

3.11.2 Internal Control Officer

The Board of Directors, after consulting with the Internal Control Committee and as per the recommendation of the Executive director in charge of internal control, appointed the Internal Control Officer from within Internal Audit, outsourced to the company Unilab.

The Board of Directors viewed this choice as the most effective in light of the Company's s characteristics and size, as well as the independent nature and expertise of the candidate. The independence and autonomy of the Internal Control Officer are guaranteed by the fact that he is not responsible for any operations nor is he supervised by any division heads or involved in any business activities.

The Internal Control Officer prepares a plan of work for the audit activities and monitors the internal control system. In order to do so the Officer has access to all useful information. More in detail, the Officer verifies that the rules and procedures adopted by the Company in order to reach its objectives are complied with and that the Company structures are adequate. The Officer also reports periodically to the Internal Control Committee and to the Supervisory Board.

3.11.3 Decree 231/2001 organizational model

In 2006 the Board of Directors approved adoption of the Organizational Model, as subsequently amended, which further strengthened the internal control system.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates and is based on the standards and procedures described below.

The Organizational Model includes the following:

a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
b. the Ethical Code, which formulates the general principles (diligence, honesty and fairness) inspiring the conduct of business;
c. internal control mechanisms monitoring areas at risk;
d. the disciplinary system which enforces the Model's rules;
e. the Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model.

The Supervisory Board may act independently and must ensure that the Model is constantly updated.
The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.
The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.
Please note that the Company's internal audit, carried out the company Unilab, provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/01, as well as for the execution of specific audits deemed necessary based on the information gathered.
The Supervisory Board is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Sergio Santi and Francesco Gentili. In 2011 it met five times; on 9 March, 11 May, 23 June, 25 August and 10 November with attendance reaching 100% for Fabio Carpanelli and Francesco Gentili and80% per Sergio Santi.
The Model is also available on the company's website www.gruppoigd.it, in the Governance documents section.

3.11.4 External Auditors

The activities related to financial audit are carried out by a company selected by the shareholders from among those listed in Consob's specific roll.
On 16 September 2004 the shareholders granted the company Reconta Ernst&Young the assignment, which was subsequently renewed on 23 April 2007, for the financial audit of separate and consolidated annual and half-yearly financial statements for the period 2006-2014. The assignment was granted on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors in accordance with current norms and regulations.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2011 can be found in the notes to the separate and consolidated financial statements.

3.11.5 Financial Reporting Officer

In compliance with art. 154-*bis* of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

In July 2007, after receiving a favourable opinion from the statutory auditors, the Board of Directors appointed Grazia Margherita Piolanti as the Financial Reporting Officer for an indefinite period and invested her with responsibilities, powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer, along with the executive officer (s) must provide a report on the separate and consolidated (if prepared) yearly financial statements and on the half year report attesting:

that the administrative and accounting procedures used to prepare the separate and financial statements are adequate in light of the characteristics of the Company's business.

The Financial Reporting Officer must also attest that the separate and consolidated financial statements:

a) are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the Regulation 1606/2002/EC;

b) correspond to the ledgers and accounting entries;

c) provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

3.12 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

With regard to the transactions with related parties, as of 1 January 2011 the Company applied the "Procedure for Related Party Transactions" approved on 11 November 2010 by the Board of Directors, subject to the favorable opinion of the Committee for Related Party Transactions, pursuant to Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions. The Company's Board of Statutory Auditors also verified that the procedure approved by the Board of Directors complied with the Consob Regulations.

The purpose of the "Procedure for Related Party Transactions" is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.

The term "Related Party" is defined explicitly in the Regulations, as per IAS 24, with marginal adjustments in order to ensure that the perimeter of related parties and related transactions is correctly determined. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, par. 2, of the Regulations.

Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguish between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:

(i) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD SIIQ's capitalization;

(ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD SIIQ's total assets;

(iii) liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD SIIQ's total assets.

Less material related party transactions, which includes all the other transactions.

The Regulations establish the criteria to be used in approving the material and less material transactions:

- the Committee for Related Party Transactions and the body involved in the approval of the transaction must be provided with complete and adequate information in a timely manner prior to approval;
- the Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;
- a statement attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded.
- the Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedures for Related Party Transactions also includes a list of the transactions which are not governed by the Regulations (with the exception of certain disclosure requirements) and which include:

1. immaterial transactions (below the amount indicated in the Company's Procedure).
2. resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain conditions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee).
3. compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-*bis* of TUF.
4. routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts).
5. transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Company formed the Committee for Related Party Transactions in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions.

The Committee for Related Party Transactions is comprised of three independent directors: Riccardo Saladini, also appointed Chairman, Giorgio Boldreghini and Andrea Parenti, appointed by the Board of Directors on 26 August 2010. The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010 and summarized below.

The Committee for Related Party Transactions met three times in 2011 on 30 March, 7 April and 12 April.

More in detail, the Committee for Related Party Transactions:

a) will issue a non-binding opinion regarding the company's interest in completing a less material transaction, its fairness and correctness;

b) in the case of material transactions, is involved – by way of one or more of its specifically appointed members – in the transaction's preliminary phases and negotiations in accordance with the Procedures. Once the preliminary phases are completed, the Committee will express a binding opinion regarding whether or not the transaction is in the Company's best interest and if the terms and conditions are fair and substantively correct.

The Committee for Related Party Transactions with regard to

- less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;
- material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases (by receiving the information distributed) and the negotiations and is entitled

to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee for Related Party Transactions must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favour of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights.

The procedure described above can be found on the Company’s website (www.gruppoigd.it).

3.13 APPOINTMENT OF THE STATUTORY AUDITORS

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose.
According to Art. 26 of the bylaws, the following procedure applies to the appointment of the Board of Statutory Auditors:

- from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;
- the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected.
The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

(a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;
(b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:

- all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
- sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.
With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 *bis*, TUF, as amended by the Uniform Savings Act, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.
Please note also that with regard to gender quotas within administrative and control bodies, introduced in Law 120 of 12 July 2011, and acknowledged in the Regulations for Issuers, on 8 March 2012 the Board of Directors approved this report and also resolved to submit to the Annual General Meeting, convened in extraordinary session on 19 and 20 April 2012, in first and second call respectively, a proposal to amend the bylaws in order to include provisions involving the way in which the lists for the election of the Board of Directors and the Board of Statutory Auditors are drawn up in order to promote equal gender opportunity as called for in the previously mentioned law.

3.14 STATUTORY AUDITORS

(PURSUANT TO ART. 123-*BIS*, PAR. 2, LETT. D) TUF)

The current Board of Statutory Auditors appointed during the Shareholders' Meeting held on 23 April 2009, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), minority list candidate, Roberto Chiusoli (standing auditor) majority list candidate, Franco Gargani (standing auditor), majority list candidate, Isabella Landi (alternate auditor) majority list candidate, and Monica Manzini (alternate auditor), majority list candidate.
The statutory auditors were appointed on the basis of a list system.
In 2011 the Board of Statutory Auditors met 8 times on 20 January, 28 February, 8 March, 22 March, 25 March, 1 June, 23 June, and 14 November. Additional meetings were held specifically with the Company's management, with external auditors, and with the Internal Control Committee.
In order to comply with amendments made to the new Corporate Governance Code regarding the Board of Statutory Auditors, independent members and declarations to this effect, the Board verified that the criteria and the procedures adopted by the Board of Directors in this regard were adequate.
The Board of Statutory Auditors supervises the work of the external auditors. Furthermore, pursuant to Art. 27.2 of the bylaws the ordinary Shareholders' Meeting grants the assignment to the external auditors on the basis of the motivated opinion submitted by the Statutory Auditors.

The names of the statutory auditors in office are listed in Table 3 "Structure of the Board of Statutory Auditors" attached.

3.15 RELATIONS WITH SHAREHOLDERS

The Company strives to maintain a constant dialogue with its shareholders and investors based on an understanding of mutual roles, and regularly organizes meetings with the Italian and international financial community in full compliance with laws on price-sensitive information.
Toward this end, the Board of Directors appointed an Investor Relations Manager, and set up a dedicated unit and a section on the Company's website (www.gruppoigd.it).

In this section, as well as in the Governance section, investors can download a complete range of documents regarding IGD's accounts and corporate governance.

3.16 SHAREHOLDERS' MEETINGS

Pursuant to Art. 10.3 of the bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.

Regulations governing the attendance and the exercise of voting rights at Shareholders' Meetings have recently been changed pursuant to Legislative Decree n. 27 of 27 January 2010, (the "D. Lgs. 27/2010"), in implementation of EC directive 2007/36/EC relating to shareholders' rights, in order to facilitate attendance of listed companies' Shareholders' Meetings. Partial integration of D. Lgs. 27/2010 in the Company's bylaws was approved by the Board of Directors on 13 December 2010, pursuant to Art. 2365, para. 2, of the Italian Civil Code and Art. 22.1(ii) of the bylaws.
In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper (Art. 125-*bis* TUF and Resolution n. 17002 of 17 August 2009).
Under Art. 125-*bis* TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on reducing share capital and appoint a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).
Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-*sexies* TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.
Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be submitted by accessing a specific section on the Company's website, as well as via certified e-mail submitted in accordance with the modalities indicated in the notice of call.
Furthermore, pursuant to Art. 13.3 of the bylaws, as amended by shareholders on 20 April 2011, in the notice of call the Company may appoint a designated representative for each Shareholders' Meeting to which the proxies with voting instructions relative to all or some of the items on the agenda may be granted, in accordance with the law.
Under the new regulations, shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. These questions will be answered, at the latest, during the meeting itself (Art. 127-*ter* TUF). Questions for which answers are provided in the Q&A section of the Company's website need not be answered.
The current Regulations for Shareholder Meetings, approved during the Shareholders' Meeting held on 26 March 2003 and published on www.gruppoigd.it in the Governance section, are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.
On 20 April 2011, during the Annual General Meeting, shareholders resolved to amend the Regulations for Shareholder Meetings in order to comply with Legislative Decree 27/2010 and the provisions relating to shareholders' rights.

3.17 ADDITIONAL CORPORATE GOVERNANCE PRACTICES

(PURSUANT TO ART. 123-*BIS*, PAR. 2, LETT. A) TUF)

The Company adopted the Decree 231 Organizational Model as described in more detail in paragraph 11.3, to which you should refer.

3.18 SUBSEQUENT CHANGES

No changes took place in the corporate governance structure following the end of the year.

ATTACHMENTS

BOARD OF DIRECTORS
TABLE 1: "INFORMATION ON THE OWNERSHIP STRUCTURE"
TABLE 2: "STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES"
TABLE 3: "STRUCTURE OF THE BOARD OF STATUTORY AUDITORS"
TABLE 4: "OFFICES HELD BY THE DIRECTORS AT 31.12.2011"

BOARD OF STATUTORY AUDITORS
TABLE 5: "OFFICES HELD BY THE STATUTORY AUDITORS AT 31.12.2011"

ATTACHMENTS

Table 1: information on the Ownership Structure

Share capital structure				
	N. of shares	% of share capital	Listed(indicate which markets)/ not listed	Rights and obligations
Ordinary shares	309,249,261	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	
Shares with limited voting rights	None			
Shares without voting rights	10,976,592	3. 549%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	

Other finanical instruments	(granting the right to subscribe to newly issued shares)			
	Listed(indicate which markets) / not listed	N. of securities in circulation	Class of shares subject to conversion	Number of shares subject to conversion
Convertible bonds		2,300	Shares convertible in ordinary shares excluding option rights	83,636,364
Warrant	No			

Significant interest in share capital			
Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Coop Adriatica	Coop Adriatica	41.497	43.024
Unicoop Tirreno	Unicoop Tirreno	13.642	14.143
IGD SIIQ SpA	IGD SIIQ SpA	3.549	(without voting rights)
Axa Investment Managers	Axa Investment Managers	2.005	2.078
Schroder Investment Management Ltd	Schroder Investment Management Ltd	2.024	2.098
F&C Asset Management Plc	F&C Asset Management Plc	2.007	2.08
European Investors Incorporated	European Investors Incorporated	4.903	5.083

Table 2: structure of the Board of Directors and committees at 31 December 2011

Board of Directors											Internal Control Committee		Compensation Committee		Nominations Committee		Lead Independent		Chairman's Committee		Supervisory Board		Committee for Related Party Transaction	
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%	2									x	100%				
Chief Executive Officer	Albertini Claudio	23-4-2009	31-12-2011	M	x				100%	8									x	100%				
	Zamboni Roberto	23-4-2009	31-12-2011	M		x			71%	6									x	80%				
	Costalli Sergio	23-4-2009	31-12-2011	M		x			71%	7									x	100%				
	Caporioni Leonardo	23-4-2009	31-12-2011	M		x			71%	7	x	100%												
	Pellegrini Fernando	23-4-2009	31-12-2011	M		x			71%	3														
	Canosani Aristide	23-4-2009	31-12-2011	M			x	x	86%	5	x	80%					x	100%						
	Carpanelli Fabio	23-4-2009	31-12-2011	M			x	x	100%	3					x	100%	x	100%			x	100%		
	Franzoni Massimo	23-4-2009	31-12-2011	M			x	x	57%	2	x	100%					x	0%						
	Gentili Francesco	23-4-2009	31-12-2011	M			x	x	86%	2			x	100%			x	100%			x	100%		
	Parenti Andrea	23-4-2009	31-12-2011	M			x	x	100%	21					x	100%	x	100%					x	100%
	Sabadini Riccardo	23-4-2009	31-12-2011	M			x	x	71%	1			x	100%			x	100%					x	100%
	Boldreghini Giorgio	23-4-2009	31-12-2011	M			x	x	100%	1					x	100%	x	100%					x	67%
	Santi Sergio	23-4-2009	31-12-2011	m			x	x	86%	14			x	86%			x	100%	x	60%	x	80%		
	Pirazzini Corrado	23-4-2009	31-12-2011	M					86%	17														

Directors who vacated office during the year

Quorum required for submitting lists at the latest election:

N. of meetings held as of 01 January 2011 BOD: 7 ICC: 5 CC: 7 NC: 2 LI: 1 ChC: 5 SB: 5 RPT:3

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.

Table 3: structure of the board of statutory auditors until 31 December 2011

Board of statutory auditors								
Title	Name	In office since	In office until	List (M/m)	Independent	** (%)	Number of other positions***	**** (%)
Chairman	Conti Romano	23/04/2009	31/12/2011	m	X	100%	19	57%
Standing auditor	Chiusoli Roberto	23/04/2009	31/12/2011	M	X	63%	6	71%
Standing auditor	Gargani Franco	23/04/2009	31/12/2011	M	X	63%	19	86%
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 left office during the year:								
Name								
Quorum required for submitting lists at the latest election:								
Number of meetings held during the year: 8								

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).

Table 4: Offices held by directors at 31 December 2011

Name	Offices held at other companies	IGD Group companies	Sister companies
Coffari Gilberto **Chairman**	Vice chairman UNIPOL BANCA S.P.A.		
	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
Albertini Claudio **Chief Executive Officer**	Standing auditor CEFLA CAPITAL SERVICES S.P.A.		
	Director FINANZIARIA DI PARTECIPAZIONE E SERVIZI S.R.L FIN. P.A.S.		
	Director PEGASO FINANZIARIA S.P.A.		
	Director SOFINCO S.P.A		
	Director SORIN S.P.A		
	Director PROTOS - SOCIETA' DI CONTROLLI TECNICI E FINANZIARI S.P.A.		
	Director HOLCOA S.P.A.		
	Director UNIPOL MERCHANT - BANCA PER LE IMPRESE S.P.A.		
Zamboni Roberto **Director**	Director UNAGRO S.P.A.		
	Vice chairman INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA- SOCIETA' COOPERATIVA		
	Director FORUM - S.R.L.		
	Director INIZIATIVE BOLOGNA NORD S.R.L. IN SIGLA I.B.N. S.R.L.		
	Director SEDICOOP S.R.L.		
	Director CONSORZIO BOLOGNESE ENERGIA-GALVANI - C.B.E.G. SOCIETA' CONSORTILE A RESPONSABILITA' LIMITATA.		
Costalli Sergio **Vice Chairman**	Director FINSOE S.P.A. - FINANZIARIA DELL'ECONOMIA SOCIALE S.P.A.		
	Vice chairman UNIPOL BANCA S.P.A.		
	Chairman of the Board of Directors UNIPOL MERCHANT S.P.A.		
	Vice chairman UNICOOP TIRRENO SOCIETA' COOPERATIVA		X
	Chairman - HOLMO DEL TIRRENO SPA		
	Chairman - FONDAZIONE "MEMORIE COOPERATIVE"		
	Director UNIPOL GRUPPPO FINANZIARIO S.P.A.		
Caporioni Leonardo **Director**	Vice chairman of the Board of Directors IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.p.A.		
	Director COOPERARE S.p.A.		
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI-SOCIETA COOPERATIVA		
	Statutory auditor COOPERSALUTE - FONDO DI ASSISTENZA SALINTARIA INTEGRATIVA DIPENDENTI COOP DI CONSUMO		
	Director AXIS S.R.L.		
	Vice chairman of the Board of Directors - TIRRENO LOGISTICA S.R.L.		
	Chairman of the Board of Statutory Auditors - COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA SPA		
Pellegrini Fernando **Director**	Chairman of the Executive Committee and deputy chairman Board of Directors SIMGEST - SOCIETA' DI INTERMEDIAZIONE MOBILIARE S.P.A.		
	Vice chairman HOLMO DEL TIRRENO S.P.A.		
	Chairman of the Board of Directors SOCIETA' GESTIONE FINANZIARIA S.R.L. - SO.GE.FIN		
Canosani Aristide **Director**	Director AVIVA S.P.A.		
	Director CNP VITA S.P.A.		
	Director COOP. ADRIATICA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA		X
	Chairman of the Board of Directors CREDITRAS ASSICURAZIONI S.P.A.		
	Chairman of the Board of Directors CREDITRAS VITA S.P.A.		
Carpanelli Fabio **Director**	Chairman of the Supervisory Board MANUTENCOOP FACILITY MANAGEMENT SOCIETA' PER AZIONI		
	Sole director VEICOLO 5 SRL		
	Chairman of the Board of Directors AUTOSTAZIONE DI BOLOGNA SRL		
Franzoni Massimo **Director**	Preference shareholders' representative UNIPOL GRUPPO FINANZIARIO S.P.A.		
	Vice chairman of the Board of Directors F&R 2010 SRL		
Gentili Francesco **Director**	Director BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO - SOCIETA' COOPERATIVA		
	Director GLISCO S.A.S.		
Parenti Andrea **Director**	Managing director CECCHI GORI HOME VIDEO SRL		
	Standing auditor CONSORZIO MACROLOTTO IND. N.2 DI PRATO		
	Standing auditor COMMERCIALE ORTOINVEST SRL		
	Standing auditor EDILSVILUPPO SPA		
	Chairman of the Board of Statutory Auditors F.LLI CIAMPOLINI & C. SPA		

continue →

Continue **Table 4**

Name	Offices held at other companies	IGD Group companies	Sister companies
Parenti Andrea **Director**	Chairman of the Board of Statutory Auditors FRAMAFRUIT SPA		
	Chairman of the Board of Statutory Auditors FRUTTITAL FIRENZE SPA		
	Chairman of the Board of Statutory Auditors GALANDI & C. SPA		
	Chairman of the Board of Statutory Auditors GIOTTOFRUIT COMMERCIALE SRL		
	Chairman of the Board of Statutory Auditors IMMOBILIARE SUD-EST SPA		
	Standing Auditor MEGA SRL		
	Auditor FOND. OSPEDALE PEDIATRICO MEYER		
	Chairman of the Board of Statutory Auditors IMMOBILIARE MINERVA SPA		
	Chairman of the Board of Statutory Auditors PENTAFIN SPA		
	Chairman of the Board of Statutory Auditors PICCHI SPA		
	Chairman of the Board of Statutory Auditors PI.DA SPA		
	Chairman of the Board of Statutory Auditors SDI SOCIETA' DISTRIBUZIONE IMBALLAGGI SRL		
	Chairman of the Board of Statutory Auditors TIRRENO IMMOBILIARE SRL		
	Standing Auditor UNICA S.C. DI ABITAZIONE		
	Chairman of the Board of Statutory Auditors EGAN IMMOBILIARE SRL		
	Standing Auditor BINFI SPA		
Sabadini Riccardo **Director**	Director SAPIR S.P.A.		
Boldreghini Giorgio **Director**	Chairman of the Board of Directors TECONOPOLIS SOC. COOP		
Santi Sergio **Director**	Chairman of the Board of Statutory Auditors HERA S.P.A.		
	Chairman of the Board of Directors FONDAZIONE CASSA DI RISPARMIO DI IMOLA		
	Chairman of the Board of Statutory Auditors WIMAXER S.P.A.		
	Standing Auditor HERA COMM S.R.L.		
	Standing Auditor HERA ENERGIE RINNOVABILI S.P.A.		
	Standing Auditor HERA TRADING S.R.L.		
	Standing Auditor HERAMBIENTE S.R.L.		
	Standing Auditor UNIFLOTTE S.R.L.		
	Standing Auditor HERA LUCE S.R.L.		
	Standing Auditor MODENA NETWORK S.P.A.		
	Standing Auditor SET S.P.A.		
	Standing Auditor FAMULA ON-LINE S.P.A.		
	Director A.M. GENERAL CONTRACTOR S.P.A.		
	Standing Auditor AKRON S.P.A.		
Pirazzini Corrado **Director**	"Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI"		
	Vice chairman of the Supervisory Board CONSORZIO NAZIONALE E SERVIZI S.C.		
	Director ASSICOOP RAVENNA SPA		
	Chairman of the Board of Directors COPU RA SOC. COOP.		
	Chairman of the Board of Directors ARMONIA HOLDING SPA		
	Liquidator ATHENA SRL		
	Director CENTROPLAST SPA		
	Director DISTER ENERGIA SPA		
	Director GRUPPO NETTUNO SPA		
	Sole director ECOCAMER SRL		
	Vice chairman of the Board of Directors MORINA SRL		
	Director UNAGRO S.P.A.		
	Director PEGASO SOCIETA' CONSORTILE A R.L.		
	Vice chairman of the Board of Directors EDILNET		
	Vice chairman of the Board of Directors VALORE SVILUPPO S.P.A.		
	Vice chairman of the Board of Directors SPORT IN RIVIERA SRL		
	Director KINEO ENERGY E FACILITY SRL		

Table 5: Offices held by the Statutory auditors at 31 December 2011

Statutory Auditor	Offices held in other companies	Company
Romano Conti Chairman of the Board of Statutory Auditors	Sole Director	FINMECO S.R.L.
	Standing Auditor	UNICREDIT LEASING S.P.A.
	Chairman of the Board of Statutory Auditors	A.M. GENERAL CONTRACTOR S.P.A.
	Director	DESPINA S.P.A.
	Director	G.M.G. GROUP S.R.L.
	Chairman of the Board of Statutory Auditors	COMET HOLDING S.P.A.
	Standing Auditor	COMET S.P.A.
	Chairman of the Board of Statutory Auditors	FERRARIO S.P.A.
	Sole Director	FIN.GI - S.R.L.
	Chairman of the Board of Statutory Auditors	SECONDA S.P.A.
	Director	SIMBULEIA S.P.A.
	Chairman of the Board of Statutory Auditors	CENTRO SPERIMENTALE DEL LATTE SPA
	Director	D. & C.- COMPAGNIA DI IMPORTAZIONE PRODOTTI ALIMENTARI, DOLCIARI, VINI E LIQUORI - S.P.A.
	Director	MAJANI SPA
	Chairman of the Internal Control Committee	MAJANI SPA
	Director	ACBGROUP S.P.A.
	Chairman of the Board of Statutory Auditors	ZEROQUATTRO SRL
Roberto Chiusoli Standing Auditor	Chairman of the Board of Statutory Auditors	UNIPOL GRUPPO FINANZIARIO SPA
	Chairman of the Board of Statutory Auditors	UGF BANCA SPA
	Chairman of the Board of Statutory Auditors	GRANAROLO SPA
	Member of the Surveillance Board	MANUTENCOOP FACILITY MANAGEMENT SPA
	Standing Auditor	HPS SPA
	Chairman of the Board of Statutory Auditors	INIZIATIVE BOLOGNA NORD
Franco Gargani Standing Auditor	Standing Auditor	POLO UNIVERSITARIO GROSSETANO SOCIETA CONSORTILE A.R.L.
	Chairman of the Board of Statutory Auditors	ASIU SPA
	Chairman of the Board of Statutory Auditors	ORIZZONTE S.R.L.
	Chairman of the Board of Statutory Auditors	COMPAGNIA PORTUALI - SOC. COOP. A R.L.
	Chairman of the Board of Statutory Auditors	CE.VAL.CO. - CENTRO PER LA VALORIZZAZIONE ECONOMICA DELLA COSTA TOSCANA SPA - I N L I Q U I D A Z I O N E
	Chairman of the Board of Statutory Auditors	GEMA COMMERCIALE S.R.L.
	Standing Auditor	SAN GIACOMO - SOCIETA' COOPERATIVA SOCIALE
	Standing Auditor	AXIS S.R.L.
	Chairman of the Board of Statutory Auditors	S.G.F. S.R.L.
	Chairman of the Board of Statutory Auditors	MAISIS - SOCIETA' A RESPONSABILITA' LIMITATA
	Chairman of the Board of Statutory Auditors	TIRRENO LOGISTICA S.R.L.
	Standing Auditor	SOLARIA S.R.L.
	Chairman of the Board of Statutory Auditors	UNICOOP TIRRENO SOC. COOP. A R.L.
	Chairman of the Board of Statutory Auditors	INDAL. 2000 S.R.L.
	Chairman of the Board of Statutory Auditors	SVILUPPO DISCOUNT S.P.A. (O SOLO S.D. S.P.A.)
	Standing Auditor	SOF S.P.A.
	Standing Auditor	L'ORMEGGIO - SOCIETA' COOPERATIVA A R.L.
	Chairman of the Board of Statutory Auditors	PORT SECURITY PIOMBINO S.R.L.U.
	Standing Auditor	CONSORZIO REGIONALE ETURIA SOCIETA' COOPERATIVA A R.L.

THE BOARD OF DIRECTORS' REMUNERATION REPORT

Prepared in accordance with Articles 123-*ter* of TUF and 84-*quater* of the Regulations for Issuers

4

GLOSSARY

IGD
Immobiliare Grande Distribuzione SIIQ S.p.A.

Corporate Governance Code or Code
The Corporate Governance Code for listed companies approved in March 2006, and amended in March 2010, by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange).

Compensation Committee or Committee
The Compensation Committee formed by IGD in accordance with the Code.

Board
IGD's Board of Directors.

Managers with Strategic Responsibilities
The managers identified by the Board of Directors in accordance with Art. 65, paragraph 1-quater, of the Regulations for Issuers.

Group
IGD and the companies its controls pursuant to Art. 93 of TUF.

Instructions accompanying the stock market regulations
The Instructions accompanying the Regulations for Markets organized and managed by Borsa Italiana S.p.A.

Compensation Policy or Policy
The Compensation Policy approved by the Board of Directors on 15 December 2011, described in Part I of this Report.

Committee Regulations
The Compensation Committee Regulations, as last amended on 20 November 2011.

Regulations for Issuers
The regulations for issuers issued by CONSOB in Resolution n. 11971 of 14 May 1999, as amended.

Report
This Remuneration Report which was prepared in accordance with Articles 123-ter of TUF and 84-quater of the Regulations for Issuers.

Company
Immobiliare Grande Distribuzione SIIQ S.p.A.

TUF
Legislative Decree n. 58 dated 24 February 1998, as amended.

PART I COMPENSATION POLICY

a) Bodies or parties involved in the preparation and approval of the compensation policy, respective roles, as well as the bodies or parties responsible for the correct implementation of the policy

Each year the Board of Directors approves the Compensation Policy as proposed by the Compensation Committee (see letter b) below).

The Compensation Policy, as described in this section of the Report, is submitted to the ordinary Shareholders' Meeting convened in accordance with Art. 2364 of the Italian Civil Code for non-binding approval.

The Compensation Committee is mainly responsible for the correct implementation of the Policy, as well as the Chief Executive Officer and the Board of Directors.

b) Role, composition, and functions of the Compensation Committee

The Compensation Committee, which presented the Board of Directors with the proposed Compensation Policy, is comprised of the number of directors set by the Board of Directors upon appointment. The Committee members are all non executive, independent members and at least one member possesses adequate understanding of and experience in finance as assessed by the Board of Directors upon appointment.

On 30 April 2009, the Board of Directors appointed independent directors Riccardo Sabadini (Chairman), Sergio Santi and Francesco Gentili to the Compensation Committee.

The Compensation Committee has the following functions in connection to the compensation policy:

- **a.** to submit proposals to the Board of Directors regarding the general policy for the remuneration of the Executive Directors, other Directors holding special offices and the Managers with Strategic Responsibilities;
- **b.** periodically assess the adequacy, the overall consistency and application of the general compensation policy availing itself, in the case of the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer;
- **c.** to submit proposals to the Board of Directors regarding remuneration of Executive Directors and other Directors holding special offices, as well as the performance targets linked to variable compensation and to ensure that the Board's decisions are complied with and verifying whether or not the performance targets are reached;
- **d.** to submit opinions to the Board regarding the compensation of the Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers) of the subsidiaries deemed strategic based on the proposals submitted by the Chairman and the Parent Company's Chief Executive Officer;
- **e.** to submit opinions to the Board regarding the overall compensation to be granted the Board members of the subsidiaries and affiliates;
- **f.** report to the Company's shareholders on how the Committee is fulfilling its duties.

In carrying out its duties, the Committee collaborates with the relative corporate structures.

c) Name of any independent experts called upon to assist with the drafting of the compensation policy

No independent experts were involved in the preparation of the Compensation Policy.

d) Purpose of the compensation policy, principles and any changes in the policy with respect to the prior year

The Company's Compensation Policy seeks to attract, motivate and retain highly skilled professionals, capable of successfully managing the Company.

More in detail, the remuneration of the Chief Executive Officer, Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities aims to:

- attract, motivate and retain highly qualified professional managers;
- to involve and incentivise the management deemed key to achieving the Company's (and the Group to which it belongs) targets;
- to promote the medium/long term creation of value for shareholders;
- to create a strong link between remuneration and performance, both individual and group.

The Compensation Policy takes into account the commitment needed to fulfil the duties of the non executive directors, as well as of involvement in any committees, but remuneration is not linked to the Company's results.

The Company's Board of Directors approved the Compensation Policy on 15 December 2011, based on the proposal submitted by the Compensation Committee dated 13/ 12 /2011, in accordance with Art. 7 of the Corporate Governance Code.

The remuneration for 2012 relative to the Chief Executive Officer, the Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities are included in the Compensation Policy examined in this report; the Compensation Policy is in line with the one applied by the Company in 2011.

e) Description of the policies pertaining to fixed and variable compensation, the weight of the variable component with regard to total compensation, the difference between short and medium/long term variable compensation

With regard to fixed compensation, the Corporate Governance Code recommends that it should be enough to remunerate the Chief Executive Officer, the Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities for the job done in event the variable compensation is not paid.

With regard to variable compensation, the Corporate Governance Code recommends that the remuneration for the Chief Executive Officer, the Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities be defined based on the following criteria:

- the fixed and variable components should be fairly balanced;
- limits should be set for the variable components;
- the performance targets have to be predetermined, quantifiable and linked to long/medium term value creation;

- the payment of a relevant portion of the variable component must be deferred for an adequate period of time with respect to its vesting.

The Policy also provides that the employment relationship of the Chief Operating Officer and the Managers with Strategic Responsibilities will continue to be governed by the national labor contract for managers of cooperative businesses.

In line with the above, based on the Compensation Policy remuneration is comprised of:

a fixed portion composed of:

- for the Chief Executive Officer:
  - the compensation approved by the shareholders for each director; and
  - the compensation approved by the Board of Directors, based on the Compensation Committee's proposal and subject to the positive opinion of the Board of Statutory Auditors, pursuant to Articles 25.1 of the bylaws and 2389, par. 3, of the Italian Civil Code;
- for the non executive Directors
  - the compensation approved by the shareholders for each director; (see below);
- for the Chief Operating Officer and the Managers with Strategic Responsibilities :
  - gross yearly fixed salary [as per the individual contracts signed by the Managers with Strategic Responsibilities] which is line with the national labor contract for managers of cooperative businesses which governs the employment relationship;

a variable portion composed of:

- for the Chief Executive Officer, a variable component to be established by the Board of Directors based on the proposal submitted by the Compensation Committee subject to the favourable opinion of the Board of Statutory Auditors, linked to achieving certain performance targets:
  - <u>consolidated EBITDA margin</u>
    40% of the variable component
  - <u>earning per share</u>
    40% of the variable component
  - <u>other qualitative targets identified by the Board of Directors based on the Compensation Committee's proposal</u>
    For the remainder

  Based on the Policy the variable compensation may reach a maximum of up to 30% of the fixed yearly salary set by the Board of Directors.

  The Compensation Committee must verify if the targets have been reached or not by 30 April of each year and, at any rate, after the Company's Board of Directors has approved the draft separate and consolidated financial statements for the year in question.
- for the Chief Operating Officer and the Managers with Strategic Responsibilities, a variable component linked to achieving certain performance targets tied to:

  (i) for up to a maximum of 40% of the variable component, to two company performance targets to which all the Managers with Strategic Responsibilities will be subject. More in detail, this portion of the compensation will be paid if the consolidated EBITDA margin and the earnings per share reach the levels fixed in the yearly budget; and

  (ii) for up to a maximum of 60% of the variable component, to three individual performance targets, to be defined on the basis of the work done by each manager, the strategic projects in which he/she is involved and the level of responsibility, the difference in which must, at any rate, be linked to the results achieved.

  Based on the Policy the total variable compensation may not exceed 30% of the gross yearly fixed salary received by the manager at 31 December in the year prior to the one in which the variable compensation is to be paid.

The payment of the variable component must be deferred for an appropriate period of time with respect to its vesting. The Company's practice is to pay the variable compensation at the end of the first six month period subsequent to the end of the vesting period.

The Compensation Committee will verify if the company targets have been reached by 30 April of each year and, at any rate, subsequent to the Board of Directors' approval of the Company's draft separate and consolidated financial statements for the reference year. The Chief Executive Officer and/or the Chief Operating Officer will verify if individual targets have been reached or not by the same deadline in accordance with the Company's policies.

The fixed and variable components as a percentage of total compensation to be paid the Chief Operating Officer and the Managers with Strategic Responsibilities will be determined on the basis of the Company's strategic objectives, in light of the sector in which IGD is active and the characteristics of its business. The two components must be balanced and in line with the goals of the Compensation Policy.

As of the date of this Report, the Company does not have any share based incentive plans.

f) Policy regarding non-cash benefits

As of the date of this Report, the Company has yet to adopt a policy regarding non-cash benefits.

g) Variable components: description of the underlying performance targets, distinction between short and medium/long term variables, and information on the connection between any change in results and remuneration

Please refer to letter e) above.

h) Criteria used to establish the performance targets used to assign shares, options, other financial instruments and other components of variable compensation

The individual performance targets used in the Compensation Policy to determine whether or not the variable compensation should be paid or not are largely based on business and financial objectives, as well as the creation of value for shareholders.

The objectives and the targets are, generally, calculated on the basis of the Company's specific business activities and their profitability.

i) The Compensation Policy, the Company's long term interests and its risk management policy

Based on the Compensation Policy the performance targets described above and payment of variable compensation have to be in line with the Company's risk management policy and take into account the risks assumed by IGD, the capital and the liquidity needed to meet the Company's business needs.

As shown in letter h) above, the above mentioned parameters are in line with the Company's long term interests.

j) The vesting period, any deferred payment mechanisms, deferment periods, the criteria used to determine these periods and, if provided for, corrective measures

As of the date of this Report, the Company does not have any share based incentive plans.

With regard to deferred payment mechanisims and the criteria used, please refer to letter e) above.

k) Information relating to holding financial instruments after their acquisition, holding periods and the criteria used to determine the length of these periods

As indicated in letter e), no share based incentive plans are contemplated in the Compensation Policy.

l) Termination allowance

The Compensation Policy does not provide for any indemnities for the directors in the event of advance termination of the directorship or if it is not renewed.

With regard to the Chief Operating Officer and the Managers with Strategic Responsibilities, if the working relationship is terminated the national labor contract for managers of cooperatives will be applied.

m) Additional insurance coverage and pension plans

The Chief Executive Officer, the non executive directors, the Chief Operating Officer and the Managers with Strategic Responsibilities are covered under mandatory insurance and pension plans, in addition to what is provided under the national labor contract for managers of cooperatives.

n) Pay policy for: (i) independent directors, (ii) committee members and (iii) carrying out special assignments

In accordance with the Corporate Governance Code, the remuneration of the non executive directors is not tied to the economic results of the Company and/or the Group.

The remuneration of the non executive directors as indicated in item e) above, consists solely in the fixed emolument set by the shareholders.

The Company, in accordance with Art. 2.C.1 the Corporate Governance Code, considers all the directors non executive directors with the exception of the Chief Executive Officer.

The directors, members of the Internal Control Committee, the Decree 231/2001 Organizational Model Supervisory Board, and the Committee for Related Party Transactions receive additional compensation as resolved by the Board of Directors, while the directors, members of the Compensation Committee, the Nominations Committee and the Chairman's Committee receive an attendance fee for each meeting attended as resolved by the Board of Directors, subject to approval by the Compensation Committee.

The Chairman of the Board of Directors and the Vice Chairman are paid an additional annual fixed salary for their respective offices as determined by the Board of Directors based on the Compensation Committee's proposal.

o) Compensation policies of other companies

The Compensation Policy was drawn up by the Company without referring to the policies adopted by other companies. With regard, however, to the Chief Operating Officer and the Managers with Strategic Responsibilities, the Compensation Policy was drawn up in accordance by the one adopted by the majority shareholder Coop Adriatica S.c.a r.l..

PART II REMUNERATION OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS, THE GENERAL MANAGER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES IN 2011

This part of the report contains the compensation owed the members of the Board of Directors, the Board of Statutory Auditors, as well as the Chief Operating Officer, for 2011.
The compensation of the Managers with Strategic Responsibilities is indicated as an aggregate amount insofar as in 2011 none of the Managers with Strategic Responsibilities received compensation which was higher than the highest total compensation received by the Board of Directors, the Board of Statutory Auditors and the Chief Operating Officer.

Section One - items comprising remuneration

The items comprising the remuneration received by the members of the Board of Directors, the Board of Statutory Auditors, and the Chief Operating Officer, as well as the aggregate amounts paid to the Managers with Strategic Responsibilities in 2011 are shown in this section of Part II.

1.1 Board of Directors

1.1.1 Chief Executive Officer

In 2011 the Chief Executive Officer was Director Claudio Albertini.
Below is a description of the each of the items comprising the Chief Executive Officer's remuneration in 2011:

- Fixed component comprising:
  - a yearly gross salary of €16,500.00, approved by the shareholders on 23 April 2009, for acting as a member of the Board of Directors;
  - a salary of €250,000.00, approved by the Board of Directors on 30 April 2009 based on the Compensation Committee's proposal and the Board of Statutory Auditors' opinion pursuant to Art. 25 of the bylaws and Art. 2389, par. 3, of the Italian Civil Code;
- Variable component: a significant part of the Chief Executive Officer's remuneration is linked to specific Company performance targets.
  More in detail, the Chief Executive Officer's variable compensation in 2011, approved by the Board of Directors on 30/04/2009 based on the Compensation Committee's proposal and the Board of Statutory Auditors' opinion, was set at a maximum of 30% of the fixed component determined by the Board of Directors. Payment of this incentive is subject to achieving predetermined performance targets: 40% of the total variable compensation is linked to the consolidated EBITDA margin and 40% to the earnings per share which must reach the levels indicated in the 2011 budget, while the remainder is linked to qualitative objectives. Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2011 have been approved. Any incentive owed, for up to a maximum of 30% of the fixed compensation, will be paid in 2012.

No specific agreements for indemnities in the event of advance termination of the directorship or if it is not renewed have been stipulated.

1.1.2 Chairman of the Board of Directors

The Chairman's remuneration its not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.
In the Chairman of the Board of Directors was Director Gilberto Coffari. The Chairman's total compensation for 2011 amounted to €76,878.00, approved as follows:

- for €16,500.00 by the shareholders on 23 April 2009, and
- for €40,000.00, by the Board of Directors on 30 April 2009 as additional compensation for acting as Chairman; subsequently, on 23 June 2011, the Board of Directors raised this amount to €75,000.00 effective 1 June 2012.

There are no indemnities provided for in the event of termination of office.

1.1.3 Vice Chairman of the Board of Directors

The Vice Chairman's remuneration its not tied to the Company's economic results and, therefore, is comprised solely of a fixed component. In 2011 IGD's Vice Chairman was Director Sergio Costalli.
The Vice Chairman's total compensation for 2011 amounted to €56,500.00, approved as follows:

- for €16,500.00, by the shareholders on 23 April 2009 for being a member of the Board of Directors;
- for €40,000.00, by the Board of Directors on 30 April 2009 for acting as Vice Chairman.

There are no indemnities provided for in the event of termination of office.

1.1.4 Other members of the Board of Directors

In 2011, the members of the Board of Directors, in addition to the Chief Executive Officer, the Chairman and the Vice Chairman, included the following directors: Roberto Zamboni, Leonardo Caporioni, Fernando Pellegrini, Aristide Canosani, Fabio Carpanelli, Massimo Franzoni, Francesco Gentili, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini, Sergio Santi, Corrado Pirazzini.

The remuneration of the above mentioned members of the Board of Directors, all non executive, is not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.

More in detail, on 23 April 2009 the shareholders set the yearly gross salary for each member of the Board of Directors at €16,500.00.

There are no indemnities provided for in the event of termination of office.

1.1.5 Members of the Board Committees

The directors, members of the Internal Control Committee, the Decree 231/2001 Organizational Model Supervisory Board, and the Committee for Related Party Transactions receive additional fixed compensation as resolved by the Board of Directors.

In 2011 the Internal Control Committee was comprised of Directors Leonardo Caporioni, Aristide Canosani and Massimo Franzoni.

In 2011 the compensation for members of the Internal Control Committee, approved by the Board of Directors on 30 April 2009, amounted to €12,000 for the Supervisor and €8,000 for the other members.

In 2011 the Decree 231/2001 Organizational Model Supervisory Board was comprised of Directors Fabio Carpanelli, Francesco Gentili and Sergio Santi. In 2011 the compensation for members of the Organizational Model Supervisory Board, approved by the Board of Directors on 30 April 2009, amounted to €12,000 for the Chairman and €8,000 for the other members.

In 2011 the Committee for Related Party Transactions was comprised of Directors Andrea Parenti, Riccardo Sabadini and Giorgio Boldreghini. In 2011 the compensation for members of the Committee for Related Party Transactions, approved by the Board of Directors on 26 August 2011 with effect from 1st January 2012, amounted to €12,000 for the Chairman and €8,000 for the other members.

The directors, members of the Compensation Committee, the Nominations Committee and the Chairman's Committee receive an attendance fee for each meeting attended as resolved by the Board of Directors, as proposed by the Compensation Committee.

In 2011 the Compensation Committee was comprised of Directors Francesco Gentili, Riccardo Sabadini and Sergio Santi who received, as attendance fees for attending the Committee meetings held in the year, the following:

- Francesco Gentili, €3,500 for attending 7 meetings;
- Riccardo Sabadini, €3,500 for attending 7 meetings;
- Sergio Santi, €3,000 for attending 6 meetings.

In the Nominations Committee was comprised of Directors Fabio Carpanelli, Giorgio Boldreghini and Andrea Parenti, who received, as attendance fees for attending the Committee meetings held in the year, €1,000/each for attending 2 meetings.

In 2011 the Chairman's Committee was comprised of Directors Gilberto Coffari, Sergio Costalli, Claudio Albertini, Sergio Santi and Roberto Zamboni, who received, as attendance fees for attending the Committee meetings held in the year, the following:

- Gilberto Coffari, €2,500 for attending 5 meetings;
- Sergio Costalli, €2,500 for attending 5 meetings;
- a Claudio Albertini, €2,500 for attending 5 meetings;
- a Santi Sergio, €1,000 for attending 2 meetings;
- a Roberto Zamboni, €2,000 for attending 4 meetings.

There are no indemnities provided for in the event of termination of office.

1.2 Board of Statutory Auditors

In 2011 the Board of Statutory Auditors was comprised of the following standing auditors:

- Conti Romano (Chairman), appointed by shareholders on 23 April 2009; compensation for 2011 amounted to €24,750;
- Chiusoli Roberto, appointed by shareholders on 23 April 2009; compensation for 2011 amounted to €16,500;
- Gargani Franco, appointed by shareholders on 23 April 2009; compensation for 2011 amounted to €16,500.

1.3 Chief Operating Officer

In 2011 the Chief Operating Officer was Daniele Cabuli.

The compensation received by the Chief Operating Officer in 2011 can be broken down as follows:

- Fixed yearly salary equal to €138,500;
- Non-cash benefits;
- Variable compensation: a significant part of the Chief Operating Officer's remuneration is linked to specific performance targets. More in detail, the Chief Operating Officer's variable compensation in 2011 was subject to reaching the following performance objectives:
  - company targets, for up to a maximum of up to 40% of the variable component, relating to the consolidated EBITDA margin and earnings per share levels shown in the 2011 budget; and
  - individual targets, for up to a maximum of 60% of the variable component, which include:
    - total core business revenue equal to the budget,
    - a drop in the vacancies with respect to year-end 2010,
    - quality coordination of the operating units,

    determined on the basis of the Chief Operating Officer's duties, the strategic projects in which he/she was involved, as well as the level of responsibility and the extent to which this was connected to the results recorded in 2011.

  Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2011 have been approved. Any incentive owed, estimated at €26,300, will be paid in 2012.

There are no agreements which provide for indemnities in the event of advance termination of the employee relationship, with the exception of any provisions contained in the national labor contract for managers of cooperatives.

1.4 Managers with Strategic Responsibilities

Managers who are part of the Company's Operating Division are considered Managers with Strategic Responsibilities. In 2011, these included the Heads of the Corporate and Legal Affairs Department, the Asset Management and Development Division, the Finance and Treasury Department and the Chief Executive Officer of Win Magazine.

The compensation received by the Managers with Strategic Responsibilities in 2011 can be broken down as follows:

- Fixed yearly salary for all the Managers with Strategic Responsibilities totalling €516,200;
- Non-cash benefits;
- Variable compensation: a significant part of the Managers with Strategic Responsibilities' remuneration is linked to specific performance targets. More in detail, the Managers with Strategic Responsibilities' variable compensation in 2011 was subject to reaching the following performance objectives:
  - company targets, for up to a maximum of up to 40% of the variable component, relating to the consolidated EBITDA margin and earnings per share levels shown in the 2011 budget; and
  - on three individual targets, for up to a maximum of 60% of the variable component, defined on the basis of the duties carried out by each Manager, the strategic projects in which he/she was involved and the level of responsibility.

  Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2011 have been approved. Any incentive owed, estimated to reach a total of €89,400, will be paid in 2012.

There are no agreements which provide for indemnities in the event of advance termination of the employee relationship, with the exception of any provisions contained in the national labor contract for managers of cooperatives.

1.5 Termination allowances

There are no agreements which provide for indemnities in the event of advance termination of a directorship or if it is not renewed.

There are no agreements based on which non cash benefits should be provided or maintained if a party ceases to hold office nor have any consulting agreements been stipulated with Directors for a period that runs beyond their term of office.

In the event working relationship is terminated with either the Chief Operating Officer or the Managers with Strategic Responsibilities, the national labor contract for managers of cooperatives will be applied.

Section Two - Tables

The compensation paid or payable to the Board of Directors, the Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities, as a whole, by the Company, its subsidiaries and affiliates in 2011 are shown in the following tables.

Table 1: Compensation paid the Board of Directors, the Board of Statutory Auditors, the Chief Executive Officer, the Chief Operating Officer and the Managers with Strategic Responsibilities in 2011

Name	Office	Dates in office	End of term		Fixed compen-sation	Compensa. tion for committee member-ship	Non share based compensation		Non. cash benefits	Other com-pensa. tion	Total	Fair Value of the com-pensa. tion	Termina. tion allowance
							Bonuses and other incentives	Profit sharing					
Gilberto Coffari	Chairman BoD and member of the ChC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	76,878.00	2,500.00	–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	76,878.00	2,500.00	–	–	–	–	–	–	–
Claudio Albertini	Chief Executive Officer and member of the ChC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	266,500.00	2,500.00	Up to a maximum of 30% of the fixed compensation	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	266,500.00	2,500.00	Up to a maximum of 30% of the fixed compensation	–	–	–	–	–	–
Roberto Zamboni	Director and mem-ber of the ChC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	2,000.00	–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	2,000.00	–	–	–	–	–	–	–
Sergio Costalli	Vice Chairman BoD and member of the ChC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	56,500.00	2,500.00	–	–	–	–	–	–	
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	56,500.00	2,500.00	–	–	–	–	–	–	–
Leonardo Caporioni	Director and mem-ber of the ICC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	8,000.00	–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	8,000.00	–	–	–	–	–	–	–
Fernando Pellegrini	Director	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00		–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	–	–	–	–	–	–	–	–
Aristide Canosani	Director and mem-ber of the ICC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	8,000.00	–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	8,000.00	–	–	–	–	–	–	–
Fabio Carpanelli	Director and mem-ber of the NC and SB	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	13,000.00	–	–	–	–	–	–	–
				Compensation from sub-sidiaries and affiliates	1,500.00	3,000.00	–	–	–	–	–	–	–
				Total	18,000.00	16,000.00	–	–	–	–	–	–	–

continue →

continue **Table 1**

Name	Office	Dates in office	End of term		Fixed compensation	Compensation for committee membership	Non share based compensation		Non. cash benefits	Other compensation	Total	Fair Value of the compensation	Termination allowance
							Bonuses and other incentives	Profit sharing					
Massimo Franzoni	Director and member of the ICC	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	12,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	12,000.00	–	–	–	–	–	–	–
Francesco Gentili	Director and member of the CC and SB	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	11,500.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	5,000.00	–	–	–	–	–	–	–
				Total	16,500.00	16,500.00	–	–	–	–	–	–	–
Andrea Parenti	Director and member of the NC and CRP	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	9,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	9,000.00	–	–	–	–	–	–	–
Riccardo Sabadini	Director and member of the CC and CRP	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	16,500.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	16,500.00	–	–	–	–	–	–	–
Giorgio Boldreghini	Director and member of the NC and CRP	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	9,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	9,000.00	–	–	–	–	–	–	–
Sergio Santi	Director and member of the CC, ChC and SB	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	12,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates		2,000.00	–	–	–	–	–	–	–
				Total	16,500.00	14,000.00	–	–	–	–	–	–	–
Corrado Pirazzini	Director	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	–	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	–	–	–	–	–	–	–	–
Romano Conti	Chairman of the Board of Statutory Auditors	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	24,750.00	–	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	24,750.00	–	–	–	–	–	–	–	–
Roberto Chiusoli	Standing auditor	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	–	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	–	–	–	–	–	–	–	–
Franco Garganl	Standing auditor	23/04/2009 31/12/2011	Approval of 2011 financial statements	Compensation from IGD	16,500.00	–	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	–	–	–	–	–	–	–	–
Daniele Cabuli	Chief Operating Officer	-	-	Compensation from IGD	138,491	–	26,285	–	18,802	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	138,491	–	26,285	–	18,802	–	–	–	–
Managers with Strategic Responsibilities	-	-	-	Compensation from IGD	516,241	–	89,041	–	69,884	–	–	–	–
				(n. 4)	–	–	–	–	–	–	–	–	–
				Total	516,241	–	89,041	–	69,884	–	–	–	–

Table 3: Cash incentive plans benefiting the Chief Executive Officer, Chief Operating Officer and the Managers with Strategic Responsibilities del Direttore Generale alla Gestione e dei Dirigenti con Responsabilità Strategiche

Name	Position held		Plan	Bonus for the year			Bonuses from previous years			Other bonuses
				Paid/Payable	Deferred	Deferment period	No longer payable	Paid/ Payable	Still deferred	
Claudio Albertini	Chief Executive Officer	Compensation from IGD	–	–	–	–	–	–	–	–
		Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–
		Total	–	–	–	–	–	–	–	–
Daniele Cabuli	Chief Operating Officer	Compensation from IGD	–	–	–	–	–	–	–	–
		Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–
		Total	–	–	–	–	–	–	–	–
Managers with Strategic Responsibilities (n. 4)	-	Compensation from IGD	–	–	–	–	–	–	–	–
		Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–
		Total	–	–	–	–	–	–	–	–

PART III INFORMATION ON THE INTERESTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS, THE CHIEF OPERATING OFFICER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

The following table shows the interests held by the members of the Board of Directors, the Board of Statutory Auditors, the Chief Operating Officer in IGD and its subsidiaries.

Name	Office	Company in which interest is held	N. of shares held at the end of 2010	N. of shares purchased	N. of shares sold	N. of shares held at the end of 2011
Gilberto Coffari	Chairman BoD	IGD SIIQ S.p.A.	11,000	–	–	11,000
Claudio Albertini	CEO	–	–	–	–	–
Roberto Zamboni	Director	–	–	–	–	–
Sergio Costalli	Vice Chairman BoD	–	–	–	–	–
Leonardo Caporioni	Director	–	–	–	–	–
Fernando Pellegrini	Director	–	–	–	–	–
Aristide Canosani	Director	–	–	–	–	–
Fabio Carpanelli	Director	–	–	–	–	–
Massimo Franzoni	Director	–	–	–	–	–
Francesco Gentili	Director	–	–	–	–	–
Andrea Parenti	Director	IGD SIIQ S.p.A.	40,000	–	–	40,000
Riccardo Sabadini	Director	IGD SIIQ S.p.A.	5,000	–	–	5,000
Giorgio Boldreghini	Director	–	–	–	–	–
Sergio Santi	Director	IGD SIIQ S.p.A.	20,000	9,300	–	29,300
Corrado Pirazzini	Director	IGD SIIQ S.p.A.	5,000	–	–	5,000
Romano Conti	Chairman Board of Statutory Auditors	–	–	–	–	–
Roberto Chiusoli	Standing auditor	–	–	–	–	–
Franco Gargani	Standing auditor	–	–	–	–	–
Daniele Cabuli	Chief Operating Officer	–	–	–	–	–

The following table shows the interests held by the Managers with Strategic Responsibilities, as a whole, in IGD and its subsidiaries.

N. Managers with Strategic Responsibilities	Company in which interest is held	N. of shares held at the end of 2010	N. of shares purchased	N. of shares sold	N. of shares held at the end of 2011
	IGD SIIQ S.p.A.	51,300	–	–	51,300

THE IGD GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

5

5.1 CONSOLIDATED INCOME STATEMENT

Consolidated income statement (in €/000)	Note	31/12/2011 (A)	31/12/2010 (B)	Change (A-B)
Revenue:	1	**117,541**	**109,882**	**7,659**
- from third parties		84,077	78,956	5,121
- from related parties		33,464	30,926	2,538
Other income:	2	**10,986**	**12,559**	**(1,573)**
- from third parties		9,079	11,487	(2,408)
- from related parties		1,907	1,072	835
Revenue from property sales	2	**1,726**	**0**	**1,726**
Total operating revenues and income		**130,253**	**122,441**	**7,812**
Change in construction in progress inventory	6	7,356	3,434	3,922
Total revenue and change in inventory		**137,609**	**125,875**	**11,734**
Cost of construction in progress	6	8,061	3,154	4,907
Material and service costs:	3	23,844	25,641	(1,797)
- third parties		20,333	21,551	(1,218)
- related parties		3,511	4,090	(579)
Cost of labor	4	7,850	7,529	321
Other operating costs	5	5,734	5,355	379
Total operating costs		**45,489**	**41,679**	**3,810**
(Depreciation, amortization and provisions)	7	(4,634)	(3,482)	(1,152)
(Impairment losses)/reversals on work in progress and goodwill	13.17	28	(3,842)	3,870
Fair value change - increases/(decreases)	15	(14,150)	(8,746)	(5,404)
Total depreciation, amortization, provisions, impairment and fair value changes		**(18,756)**	**(16,070)**	**(2,686)**
EBIT		**73,364**	**68,126**	**5,238**
Income/(loss) from equity investments	8	**(887)**	**(1,140)**	**253**
Income/(loss) from equity investments		(887)	(1,140)	253
Financial income:	9	**809**	**2,675**	**(1,866)**
- third parties		782	2,644	(1,862)
- related parties		27	31	(4)
Financial charges:	9	**44,144**	**37,879**	**6,265**
- third parties		42,997	36,949	6,048
- related parties		1,147	930	217
Net financial income (charges)		**(43,335)**	**(35,204)**	**(8,131)**
Pre-tax profit		**29,142**	**31,782**	**(2,640)**
Income taxes	10	(876)	2,510	(3,386)
Net profit		**30,018**	**29,272**	**746**
Non-controlling interests in net (profit)/loss		39	68	(29)
IGD SIIQ S.p.A. share of net profit		**30,057**	**29,340**	**717**
- basic earnings per share	11	0.101	0.098	
- diluted earnings per share	11	0.112	0.113	

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income (in €/000)	31/12/2011 (A)	31/12/2010 (B)
Net profit	**30,018**	**29,272**
Other comprehensive income		
Impact of hedge derivatives on equity	(19,508)	(509)
Tax effect of hedge derivatives on equity	5,365	140
Impact of transactions with third parties on equity		1,202
Other effects on income statement components	94	(1,190)
Other components of comprehensive income, net of tax effects	**(14,049)**	**(357)**
Total comprehensive income	**15,969**	**28,915**
Non-controlling interests in net (profit)/loss	39	68
IGD SIIQ S.p.A. share of net profit	**16,008**	**28,983**

5.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position (in €/000)	Note	31/12/2011 (A)	31/12/2010 (B)	Change (A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	12	78	69	9
- Goodwill	13	11,427	11,427	0
		11,505	**11,496**	**9**
Property, plant, and equipment				
- Investment property	15	1,779,445	1,666,630	112,815
- Buildings	14	9,592	7,668	1,924
- Plant and machinery	16	1,388	1,130	258
- Equipment and other assets	16	2,467	1,549	918
- Leasehold improvements	16	1,460	1,640	(180)
- Assets under construction	17	69,834	74,291	(4,457)
		1,864,186	**1,752,908**	**111,278**
Other non-current assets				
- Deferred tax assets	18	19,888	13,104	6,784
- Sundry receivables and other	19	2,177	4,581	(2,404)
- Non-current financial assets	20	243	4,399	(4,156)
		22,308	**22,084**	**224**
Total non-current assets (A)		**1,897,999**	**1,786,488**	**111,511**
CURRENT ASSETS:				
Work in progress inventory and advances	21	71,152	64,289	6,863
Inventory		7	7	0
Trade and other receivables	22	13,101	12,265	836
Related party trade and other receivables	23	983	714	269
Other current assets	24	11,393	43,812	(32,419)
Related party financial receivables and other current financial assets	25	1,426	1,091	335
Financial receivables and other current financial assets	25	278	6,001	(5,723)
Cash and cash equivalents	26	14,433	32,264	(17,831)
Total current assets (B)		**112,773**	**160,443**	**(47,670)**
Total assets (A + B)		**2,010,772**	**1,946,931**	**63,841**
Net equity:	27			
IGD SIIQ S.p.A. share		755,241	761,603	(6,362)
non-controlling interests		11,812	11,851	(39)
Total net equity (C)		**767,053**	**773,454**	**(6,401)**
Non-current liabilities:				
Non-current financial liabilities	28	895,432	854,374	41,058
Related party non-current financial liabilities	28	15,000	15,000	0
Provision for employee severance indemnities	29	796	612	184
Deferred tax liabilities	18	48,366	48,910	(544)
General provisions	30	1,386	1,645	(259)
Sundry payables and other non-current liabilities	31	7,325	13,687	(6,362)
Related party sundry payables and other non-current liabilities	31	12,771	11,938	833
Total non-current liabilities (D)		**981,076**	**946,166**	**34,910**
Current liabilities:				
Current financial liabilities	32	184,447	187,336	(2,889)
Related party current financial liabilities	32	50,469	4,127	46,342
Trade and other payables	34	11,215	15,733	(4,518)
Related party trade and other payables	35	2,643	4,924	(2,281)
Current tax liabilities	36	7,869	8,266	(397)
Other current liabilities	37	5,982	6,911	(929)
Related party other current liabilities	38	18	14	4
Total current liabilities (E)		**262,643**	**227,311**	**35,332**
Total liabilities (F = D + E)		**1,243,719**	**1,173,477**	**70,242**
Total net equity and liabilities (C + F)		**2,010,772**	**1,946,931**	**63,841**

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve	Euro conver-sion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Transla-tion reserve	Undis-tributed earnings reserve	Profit (losses) carried forward	Group net equity	Non-con-trolling interests	Total net equity
Balance at 01/01/2010	**298,273**	**147,730**	**6,782**	**23**	**13,736**	**(3,704)**	**(11,276)**	**27,804**	**226,682**	**(860)**	**17,725**	**24,619**	**747,533**		**747,533**
Profit for the year												29,340	29,340	(68)	29,272
Other omprehensive income (losses)						567		1,895		(3,085)	266		(357)		(357)
Total omprehensive income (losses)						**567**		**1,895**		**(3,085)**	**266**	**29,340**	**28,983**	**(68)**	**28,915**
Change in scope of consolidation														11,919	11,919
Allocation of 2009 profit															
- Dividends paid												(14,914)	(14,914)		(14,914)
- Allocation to undistributed earnings reserve											(3,985)	3,985	0		0
- To legal reserve			836									(836)	0		0
- To other reserves									7,075			(7,075)	0		0
Balance at 31/12/2010	**298,273**	**147,730**	**7,618**	**23**	**13,736**	**(3,137)**	**(11,276)**	**29,699**	**233,757**	**(3,945)**	**14,006**	**35,120**	**761,603**	**11,851**	**773,454**

	Share capital	Share premium reserve	Legal reserve	Euro conver-sion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Transla-tion reserve	Undis-tributed earnings reserve	Profit (losses) carried forward	Group net equity	Non-con-trolling interests	Total net equity
Balance at 01/01/2011	**298,273**	**147,730**	**7,618**	**23**	**13,736**	**(3,137)**	**(11,276)**	**29,699**	**233,757**	**(3,945)**	**14,006**	**35,120**	**761,603**	**11,851**	**773,454**
Profit for the year												30,057	30,057	(39)	30,018
Other omprehensive income (losses)						(12,427)		94			(1,716)		(14,049)		(14,049)
Total omprehensive income (losses)						**(12,427)**		**94**			**(1,716)**	**30,057**	**16,008**	**(39)**	**15,969**
Allocation of 2010 profit															
- Dividends paid												(22,370)	(22,370)		(22,370)
- To undistributed earnings reserve											(3,504)	3,504	0		0
- To legal reserve			1,385									(1,385)	0		0
- To other reserves									5,143			(5,143)	0		0
Balance at 31/12/2011	**298,273**	**147,730**	**9,003**	**23**	**13,736**	**(15,564)**	**(11,276)**	**29,793**	**238,900**	**(3,945)**	**8,786**	**39,782**	**755,241**	**11,812**	**767,053**

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (€/000)	31/12/2011	31/12/2010
Cash flow from operating activities:		
Net profit for the year	**30,018**	**29,272**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	4,602	3,878
Depreciation, amortization and provisions	4,634	3,482
(Impairment)/reversal of assets under construction and goodwill	(28)	3,842
Net change in (deferred tax assets)/provision for deferred tax liabilities	(1,928)	(543)
Change in fair value of investment property	14,150	8,746
Change in inventories	(6,863)	(6,472)
Net change in current assets and liabilities	22,242	12,843
Net change in current assets and liabilities w. related parties	(2,546)	1,944
Net change in non-current assets and liabilities	(2,960)	(8,127)
Net change in non-current assets and liabilities w. related parties	833	229
Cash flow from operating activities (A)	**62,154**	**49,094**
Investments in fixed assets	(127,905)	(128,331)
Disposals of fixed assets	385	11,515
Disposals of subsidiaries	0	72,311
Cash flow from investing activities (B)	**(127,520)**	**(44,505)**
Change in non-current financial assets	(22)	(0)
Change in financial receivables and other current financial assets	5,695	(6,001)
Change in financial receivables and other current financial assets w. related parties	(335)	(761)
Change in translation reserve	(13)	(27)
Payment of dividends	(22,370)	(14,914)
Change in current debt	(2,889)	18,310
Change in current debt w. related parties	46,342	(21,614)
Change in non-current debt	21,127	20,369
Cash flow from financing activities (C)	**47,535**	**(4,638)**
Net increase (decrease) in cash balance	**(17,831)**	**(49)**
Cash balance at beginning of year	**32,264**	**35,856**
Cash disposed of through the purchase of consolidated equity investments	**0**	**(3,543)**
Cash balance at end of year	**14,433**	**32,264**

5.6 NOTES TO THE FINANCIAL STATEMENTS

Form and content of the consolidated financial statements of IGD SIIQ S.p.A.

Introduction

The consolidated financial statements of Immobiliare Grande Distribuzione at 31 December 2011 were approved and authorized for publication by the Board of Directors on 8 March 2012.
Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A. or IGD) is a company set up and organized under Italian law.
IGD, which became an SIIQ *(Società di Investimento Immobiliare Quotata,* or real estate investment trust) in 2008, was the first company in Italy to obtain this status. It focuses on medium to large shopping centers comprised of a hypermarket and a mall. The Group is primarily active in property management and leasing. The goal is to profit from its real estate portfolio by acquiring, building and leasing retail properties (shopping centers, hypermarkets, supermarkets and malls), and by optimizing yields on the properties it owns by constantly increasing their appeal or by selling malls at a profit. It also provides a complete range of services through its Agency Management and Pilotage operations, which promote new or expanded centers, and its Facility Management program, which markets and organizes shopping center services such as security, cleaning and routine maintenance.
IGD SIIQ S.p.A. and its subsidiaries belong to Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2011 consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term “IFRS” encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed in the Group’s annual financial statements for the year ended 31 December 2010, with the exception of the following new standards and interpretations applicable from 1 January 2011.

IAS 24 Related party disclosures (amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definition of related party. The new definition emphasizes symmetry in the identification of related parties and more clearly defines the circumstances under which persons and executives with strategic responsibilities shall be considered related parties. The amendment also introduces an exemption from general related party disclosures for transactions with a government and with entities controlled, jointly controlled or significantly influenced by the same government. The adoption of these changes has not affected the Group’s financial position or performance.

IAS 32 Financial instruments: presentation (amendment)

This amendment includes a change in the definition of financial liability in order to classify rights issues in foreign currency (as well as certain options and warrants) as equity when such instruments are given pro rata to all of an entity’s existing owners of the same class of the entity’s non-derivative equity instruments, or for the purchase of a fixed number of the entity’s own equity instruments for a fixed amount of any currency. The amendment has had no impact on the Group’s financial position or performance.

IFRIC 14 Prepayments of a minimum funding requirement (amendment)

This amendment removes an unintentional consequence that arises when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. It permits an entity to treat the prepayment of a minimum funding requirement as an asset. The IGD Group is not subject to minimum funding requirements in Europe. The amendment has therefore had no impact on its financial position or performance.

Improvements to IFRS (May 2010)

In May 2010 the IASB issued a third set of improvements to the International Financial Reporting Standards, mostly with a view to removing inconsistencies and clarifying terminology. Each standard has its own transitional provisions. The adoption of the following improvements has entailed changes in the accounting policies but has not affected the Group’s financial position or performance:
IFRS 3 Business combinations: changes the available options for the measurement of non-controlling interests. The option to measure these either at fair value or at the proportionate share of the acquiree’s net identifiable assets

applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components should be measured at their acquisition date fair value. The change has had no impact on the Group's financial position or performance.
IFRS 7 Financial instruments - disclosures: aims to simplify and improve disclosures by reducing the volume of information on collateral held and requiring more qualitative disclosures to help contextualize the quantitative part. The change has had no impact on the Group's financial position or performance.
IAS 1 Presentation of financial statements: clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The Group provides this analysis in the statement of changes in equity.
IAS 34 Interim financial reporting: requires additional disclosures in the interim financial statements about fair value and changes in the classification of financial assets, as well as changes in contingent assets and contingent liabilities.

Accounting standards, amendments and interpretations effective from 1 January 2011 and not relevant for the Group

Changes in the following standards have had no impact on the Group's accounting policies, financial position or results:
IFRS 3 Business combinations – the change clarifies that contingent consideration from business combinations that took place before the adoption of IFRS 3 (as revised in 2008) should be accounted for according to IFRS 3 (2005).
IFRS 3 Business combinations – share-based payments (replaced voluntarily or not replaced) and their accounting treatment in the context of a business combination.
IAS 27 Consolidated and separate financial statements – application of the transitional provisions of IAS 27 (2008 revision) to the standards consequently modified.
IFRIC 13 Customer loyalty programs – in calculating the fair value of award credits, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programs.
IFRS 7 Financial instruments: disclosures - the amendment will improve disclosures regarding transfer transactions (derecognition) of financial assets (for example, securitizations), including the possible effects of any risks that may remain with the entity that transferred the assets. It also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

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

The Group has not opted for the early adoption of any other standard, interpretation or improvement that has been issued but is not yet effective.

Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.

Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

The financial statements, tables and explanatory notes are expressed in thousands of euro (€/000 or €K), unless otherwise specified.

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2011, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. The scope of consolidation has not changed since the end of 2010.

Pursuant to Consob Circular DEM/6064293 of 28 July 2006, below is a list of Group companies showing the location of their registered office, share capital in the local currency and consolidation method. The interests held directly or indirectly by IGD SIIQ S.p.A. and each of its subsidiaries are also specified.

Name	Registered office	Country	Share capital	Currency	Percent consolidated	Held by	Percent of share capital held	Operations
Parent company								
IGD SIIQ S.p.A.	Ravenna via Agro Pontino 13	Italy	309.249.261,00	EUR				Shopping center management
Subsidiaries consolidated on a line-by-line basis								
Immobiliare Larice s.r.l.	Ravenna via Villa Glori 4	Italy	75,071,221.00	Eur	100,00%	IGD SIIQ S.p.A.	100.00%	Shopping center management and services
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	100,000.00	Eur	100,00%	IGD SIIQ S.p.A.	100.00%	Shopping center management
Porta Medicea s.r.l.*	Bologna via Trattati Comunitari europel 1957-2007	Italy	60,000,000.00	Eur	80%*	Immobiliare Larice s.r.l.	60.00%	Construction company
Win Magazin S.A.	Bucharest	Romania	113,715.30	Lei	100,00%	Immobiliare Larice s.r.l. 99,9%	100.00%	Shopping center management
						IGD SIIQ S.p.A. 0,1%		
Winmarkt management s.r.l.	Bucharest	Romania	1,001,000	Lei	100,00%	Win Magazin S.A.	100.00%	Agency and facility management services
Subsidiaries valued at cost								
Consorzio I Bricchi	Isola d'Asti loc. Molini via Prato Boschiero	Italy	6,000.00	Eur		IGD SIIQ S.p.A.	72.25%	Shopping center promotion and management of common areas
Consorzio Forte di Brondolo	Castenaso (Bologna) Via Villanova 29/7	Italy	67,179.00	Eur		IGD SIIQ S.p.A.	100%	Urban development consortium
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	Italy	100,000.00	Eur		IGD SIIQ S.p.A.	52.00%	Shopping center promotion and management of common areas
Associates valued at cost								
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda 175	Italy	10,000.00	Eur		Millennium Gallery s.r.l	35.40%	Shopping center promotion and management of common areas
Others valued at cost								
Iniziative Bologna Nord	Caselecchio di Reno (Bologna) via Isonzo 67	Italy	3,000,000.00	Eur		Immobiliare Larice s.r.l.	15.00%	Real estate development

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

Consolidation procedures

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its subsidiaries at 31 December 2011. The financial statements of subsidiaries are prepared each year using the same accounting standards as the parent company. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of shareholders' equity and net profit (loss) is the minority interest, if any, shown separately in the balance sheet and income statement;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;
- the financial statements of companies that use a different functional currency are translated into euros as follows:
  - the assets and liabilities of each balance sheet submitted are translated at the exchange rates in force on the reporting date;
  - the revenue and costs of each income statement are converted at the average exchange rates for the period;
  - all exchange gains and losses arising from this process are shown in the translation reserve under net equity.

Exchange gains and losses arising from the translation of net investments in foreign operations and of loans and other monetary instruments designated as hedges of those investments are recognized directly in equity upon consolidation. When the foreign investment is sold, the accumulated exchange differences are recognized in the income statement as part of the profit or loss from the sale.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided in the acquisition agreement is measured at its acquisition-date fair value, and included the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.

If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.

Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- when goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.

After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including transaction expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40.

Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general. To that end, IGD SIIQ S.p.A. has hired specialized property appraisers CB Richard Ellis Professional Services S.p.A. and REAG to determine the market value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.

Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal date, assuming:

- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: comparative (market) method and income method.

The financial statements at 31 December 2011 incorporate the property appraisals as follows:

- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used as described above. Until that time, the asset is recognized at the lower of fair value and cost. When construction or development of an investment property is completed, it is restated to "investment property."

IAS 23 - Borrowing costs (revised)

Borrowing costs are capitalized when they are directly attributable to the purchase and construction of investment property relating to both new constructions and extensions for which the Group owns the land and/or building and for which the necessary construction permits have been issued. Interest is capitalized provided that the augmented cost of the asset does not increase its value beyond fair value.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by the Group and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Category	Rate
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment and tools	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventory, work in progress and advances

Inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all purchase, transformation and other expenses (including borrowing costs) incurred to bring the inventory to its present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Treasury shares

Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a predetermined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Group does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Group does not offer employee incentive plans in the form of share participation instruments.

Revenue

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

- Rental income

Rental income from the Group's freehold properties is recorded on an accruals basis, according to the leases in force.

- Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes

Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date. Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet.
Deferred tax liabilities are recognized on all taxable temporary differences, with the following exception:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Derecognition of financial assets and financial liabilities

Financial assets
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Group's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that the Group could be required to pay.

Financial liabilities
A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured; and
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata, similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status. At the close of 2011, 2010, 2009 and 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see Note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity. IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

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

Segment reporting

The income statement and balance sheet are broken down below by business segment, in accordance with IFRS 8, followed by a geographical breakdown of revenue from freehold properties.

Income statement	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
€/1000	Properties		Services		"Porta a mare" project		Shared		Total	
Revenue	**117,647**	**110,095**	**5,284**	**6,092**	**1,726**	**0**			**124,657**	**116,187**
Change in inventory					7,356	3,434			7,356	3,434
Direct costs	(20,667)	(19,313)	(4,355)	(5,042)	(8,237)	(3,357)			(33,259)	(27,712)
Gross margin	**96,980**	**90,782**	**929**	**1,050**	**845**	**77**	**0**	**0**	**98,754**	**91,909**
Shared costs							(10,159)	(10,294)	(10,159)	(10,294)
Ebitda	**96,980**	**90,782**	**929**	**1,050**	**845**	**77**	**(10,159)**	**(10,294)**	**88,595**	**81,615**
Impairment/dep.&amort	(11,932)	(5,019)	(5)	(76)	(12)	(11)	(3,282)	(8,383)	(15,231)	(13,489)
Ebit	**85.048**	**85.763**	**924**	**974**	**833**	**66**	**(13,441)**	**(18,677)**	**73,364**	**68,126**
Net financial income (charges)							**(43,335)**	**(35,204)**	**(43,335)**	**(35,204)**
Net income (loss) from equity investments							**(887)**	**(1,140)**	**(887)**	**(1,140)**
Taxes							**876**	**(2,510)**	**876**	**(2,510)**
Net profit									**30,018**	**29,272**
Non-controlling interests in (profit)/loss							39	68	39	68
Group net profit									**30,057**	**29,340**

With respect to the consolidated income statement, in this table costs and revenue from charge-backs have been offset against each other and certain out-of-period income/charges have been reclassified in the amount of €5,596K.

Statement of financial position €/1000	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Properties		Services		"Porta a mare" project		Shared		Total	
Real estate portfolio	1,784,750	1,669,023	0	0	10	2	9,592	9,592	1,794,352	1,678,617
Other non-current assets	0	0	0	0	14	24	33,556	29,157	33,570	29,181
Current investments	69,834	74,291	0	0	0	0	0	0	69,834	74,291
Net working capital	(486)	13,480	96	(392)	95,239	94,249	(25,940)	(22,098)	68,909	85,239
Other non-current liabilities	(53,405)	(60,002)	(2,283)	(1,836)	(14,956)	(14,954)	0	0	(70,644)	(76,792)
Total use of funds	**1,800,693**	**1,696,792**	**(2,187)**	**(2,228)**	**80,307**	**79,321**	**17,208**	**16,651**	**1,896,021**	**1,790,536**
Net debt	1,096,066	987,766	(5,554)	(7,400)	21,248	20,065	17,208	16,651	1,128,968	1,017,082
Equity	704,627	709,026	3,367	5,172	59,059	59,256	0	0	767,053	773,454
Total sources	**1,800,693**	**1,696,792**	**(2,187)**	**(2,228)**	**80,307**	**79,321**	**17,208**	**16,651**	**1,896,021**	**1,790,536**

Revenue from freehold properties €/1000	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Northern italy		Central/southern italy & islands		Abroad		Total	
Lease & rental income	48,631	45,459	46,238	40,318	11,676	12,658	106,545	98,434
One-off revenue	44	493	40	585	0	0	84	1,078
Temporary location rentals	1,261	1,181	972	901	0	0	2,233	2,082
Other rental income	162	55	40	71	46	144	248	270
Total	**50,098**	**47,188**	**47,290**	**41,875**	**11,722**	**12,802**	**109,110**	**101,865**

Notes to the consolidated financial statements

Note 1) Revenue

Revenue	2011	2010	Change
Freehold hypermarkets	**31,403**	**29,038**	**2,365**
Rent and business lease	**31,403**	**29,038**	**2,365**
Related parties	31,403	29,038	2,365
Leasehold hypermarkets	**111**	**108**	**3**
Business lease	**111**	**108**	**3**
Related parties	111	108	3
Freehold supermarkets	**373**	**367**	**6**
Rent	**373**	**367**	**6**
Related parties	373	367	6
Total hypermarkets/supermarkets	**31,887**	**29,513**	**2,374**
Freehold malls, offices and city center properties	**74,958**	**70,136**	**4,822**
Rent	**22,985**	**25,079**	**(2,094)**
Related parties	313	281	32
Third parties	22,672	24,798	(2,126)
Business lease	**51,973**	**45,057**	**6,916**
Related parties	430	377	53
Third parties	51,543	44,680	6,863
Leasehold malls	**7,849**	**7,595**	**254**
Rent	**321**	**336**	**(15)**
Related parties	81	79	2
Third parties	240	257	(17)
Business lease	**7,528**	**7,259**	**269**
Related parties	171	167	4
Third parties	7,357	7,092	265
Other contracts	**1,113**	**1,003**	**110**
Other contracts and temporary rent at leasehold malls	1,076	967	109
Other contracts and temporary rent at leasehold malls - related parties	37	36	1
Temporary rent at freehold malls	**1,734**	**1,635**	**99**
Related parties	545	473	72
Third parties	1,189	1,162	27
Total malls, offices and city center properties	**85,654**	**80,369**	**5,285**
Grand total	**117,541**	**109,882**	**7,659**
of which related parties	33,464	30,926	2,538
of which third parties	84,077	78,956	5,121

The increase in rent and business lease revenues from hypermarkets/supermarkets derives mainly from:
- the rental as from 12 July of the hypermarket at La Torre Shopping Center in Palermo;
- the rental as from end-June of the hypermarket at the Conè Shopping Center in Conegliano;
- ISTAT inflation indexing of existing rental contracts.

Most of the rise in business lease income from freehold malls is due to:
- the leasing as from April of the Via Rizzoli building in Bologna;

- the leasing of the second and third floor offices of the Business Park building;
- the full-year contribution of the La Torre (Palermo) and Conè shopping centers, leased as from November 2010;
- the acquisition in 2011 of the division for the operation of retail businesses inside the mall at Crema's Gran Rondò shopping center;
- successful renegotiations and marketing, facilitated by the restyling of shopping centers such as Le Porte di Napoli and Esp.

Rental income from freehold malls went down as a result of declining revenue in Romania and the sale of 50% of RGD S.r.l. at the end of 2010, which means that 50% of two of three properties previously owned is now outside the scope of consolidation. See the directors' report for further information.

Note 2) Other income and revenue from property sale

Other income	2011	2010	Change
Insurance refunds	19	6	13
Out-of-period income (charges)	12	14	(2)
Facility management revenues	3,724	3,538	186
Cost charge-backs	4,984	6,399	(1,415)
Pilotage and construction revenues	102	1,301	(1,199)
Marketing revenues	13	12	1
Gains from disposals	0	20	(20)
Other	225	197	28
Total other income from third parties	**9,079**	**11,487**	**(2,408)**
Refund of other charges - related parties	6	0	6
Facility management revenues - related parties	1,204	720	484
Cost charge-backs - related parties	555	49	506
Portfolio management and rent management revenues - related parties	61	103	(42)
Marketing revenues - related parties	81	173	(92)
Gains from disposals - related parties	0	26	(26)
Miscellaneous income - related parties	0	1	(1)
Total other income from related parties	**1,907**	**1,072**	**835**
Total	**10,986**	**12,559**	**(1,573)**

Other income consists mainly of facility management revenues and facility management fees charged back to the relative consortiums, while the remainder consists of income from services rendered to related parties. Most of the decrease concerns a reduction in pilotage revenue due to the opening of the Palermo and Conegliano shopping centers, resulting in reduced shopfitting services to the tenants of those centers, which were mostly completed in 2010.

The increase in facility management revenue from related parties is due mainly to new contracts regarding recently opened centers (La Torre and Conè, opened in late 2010) and leasehold properties.

Also, during the first half 2011, the completion of renovation work on a section of Palazzo Orlando (part of the "Porta a Mare" project in Livorno) led to the sale of an initial office wing for €1,726K.

Note 3) Material and service costs

Material and service costs	2011	2010	Change
Material and service costs	**20,333**	**21,551**	**(1,218)**
Rent paid	6,824	6,732	92
Rented vehicles	181	196	(15)
Utilities	82	107	(25)
Advertisements, listings, advertising & promotions	621	413	208
Shopping center promotional costs	0	184	(184)
Service	1	188	(187)
Facility management costs	1,527	1,049	478
Facility management administration costs	600	551	49
Insurance	567	540	27
Professional fees	226	412	(186)
Directors' and statutory auditors' fees	746	706	40
External auditing fees	188	195	(7)
Investor relations, CONSOB, Monte Titoli costs	333	361	(28)
Recruitment, training and other personnel costs	416	427	(11)
Travel and accommodation	146	162	(16)
Failed project costs	201	233	(32)
Shopping center pilotage and construction costs	23	589	(566)
Consulting	1,287	1,475	(188)
Charge-backs	5,539	6,245	(706)
Maintenance and repairs	106	184	(78)
Bank fees and commissions	152	141	11
Cleaning, porterage and security	197	180	17
Other	370	281	89
Material and service costs with related parties	**3,511**	**4,090**	**(579)**
Rent paid	1,840	1,807	33
Shopping center promotional costs	100	100	0
Pilotage and construction costs	0	585	(585)
Service	298	455	(157)
Facility management costs	977	878	99
Insurance	64	43	21
Directors' and statutory auditors' fees	144	177	(33)
Consulting	2	0	2
Maintenance and repairs	5	39	(34)
Other	81	6	75
Total	**23,844**	**25,641**	**(1,797)**

The principal component of this item is rent and usage fees paid for properties managed by IGD, as well as costs awaiting charge-back and pilotage/construction expenses (which will also be charged back to the operators).

Overall, material and service costs went down due mainly to the pilotage costs incurred in 2010 for the fitting of the Conegliano and Palermo shopping centers.

Note 4) Cost of labor

Cost of labor	2011	2010	Change
Wages and salaries	5,623	5,604	19
Social security	1,627	1,525	102
Severance pay	312	234	78
Other costs	288	166	122
Total	**7,850**	**7,529**	**321**

The cost of labor increased on the previous year due to new hires and the renewal of the national employment contract.
Severance pay includes contributions to supplementary funds in the amount of €80K.
The workforce is broken down by category below:

Division of workforce by category	2011	2010
Executives	6	6
Middle managers	23	22
White collar	137	132
Total	**166**	**160**

The following table provides details of directors' and statutory auditors' fees for their work at the parent company and its subsidiaries. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Dates in office in 2011	End of term	Emoluments for office held at the reporting company
Board of directors				
Gilberto Coffari	Chairman	01/01/11-30/05/11	2011 FY appr.	40,000
Gilberto Coffari	Chairman	01/06/11-31/12/11	2011 FY appr.	75,000
Gilberto Coffari	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Sergio Costalli	Vice Chairman	01/01/11-31/12/11	2011 FY appr.	40,000
Sergio Costalli	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Claudio Albertini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
	Chief Executive Officer	01/01/11-31/12/11	2011 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Aristide Canosani	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Francesco Gentili	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Sergio Santi	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Andrea Parenti	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Corrado Pirazzini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Board of statutory auditors				
Romano Conti	Chairman	01/01/11-31/12/11	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/11-31/12/11	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01/11-31/12/11	2011 FY appr.	16,500

continue →

continue

Name	Title	Dates in office in 2011	End of term	Emoluments for office held at the reporting company
Internal Control Committee				
Massimo Franzoni	Director (Supervisor)	01/01/11-31/12/11	when no longer director	12,000
Aristide Canosani	Director	01/01/11-31/12/11	when no longer director	8,000
Leonardo Caporioni	Director	01/01/11-31/12/11	when no longer director	8,000
Compliance Committee				
Fabio Carpanelli	Director (Chairman)	01/01/11-31/12/11	when no longer director	12,000
Francesco Gentili	Director	01/01/11-31/12/11	when no longer director	8,000
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	8,000
Compensation Committee				
Riccardo Sabadini	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Nominations Committee				
Fabio Carpanelli	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Andrea Parenti	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Chairman's Committee				
Gilberto Coffari	Chairman	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01/11-31/12/11	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Related Parties Committee				
Riccardo Sabadini	Director (Supervisor)	01/01/11-31/12/11	when no longer director	12,000
Andrea Parenti	Director	01/01/11-31/12/11	when no longer director	8,000
Giorgio Boldreghini	Director	01/01/11-31/12/11	when no longer director	8,000
Lead Independent Director				
Riccardo Sabadini	Director	01/01/11-31/12/11	2011 FY appr.	500 per meeting attended
Compliance Committee ***Subsidiary: Immobiliare Larice***				
Fabio Carpanelli	Chairman	1/01/2011- 31/12/11	2011 FY appr.	3,000 per year
Francesco Gentili	Director	1/01/2011- 31/12/11	2011 FY appr.	2,000 per year
Sergio Santi	Director	1/01/2011- 31/12/11	2011 FY appr.	2,000 per year
Board Of Directors ***Subsidiary: Porta Medicea***				
Fabio Carpanelli	Chairman	01/01/11-30/08/11	2013 FY appr.	5,000
Fabio Carpanelli	Director	31/08/11-31/12/11	2013 FY appr.	1,500
Compliance Committee ***Subsidiary: Porta Medicea***				
Francesco Gentili	Director	1/01/2011- 31/12/11	2013 FY appr.	3,000 per year

Note 5) Other operating costs

Other operating costs	2011	2010	Change
Taxes	4,660	4,408	252
Contract registration	323	329	(6)
Out-of-period (income)/charges	8	(30)	38
Membership fees	79	70	9
Losses on receivables	302	161	141
Sundry penalties	19	60	(41)
Fuel and tolls	135	129	6
Magazine subscriptions, office supplies, forms	93	142	(49)
Other operating costs	115	86	29
Total	**5,734**	**5,355**	**379**

Taxes refer mainly to local property tax (ICI), and the increase is due to acquisitions of new investment property in 2011. These consist mainly of the hypermarkets at the shopping centers in Palermo and Conegliano, a property complex in downtown Bologna, and two floors of the building that houses IGD's head office.

Note 6) Change in work in progress inventory

Change in work in progress inventory	2011	2010	Change
Construction costs for the year	8,061	3,154	4,907
Interest capitalized	523	280	243
Disposal of inventory due to sale	(1,228)	0	(1,228)
Change in work in progress inventory	**7,356**	**3,434**	**3,922**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno increased by €8,061K due to the advancement of works on Piazza Mazzini and Palazzo Orlando.
Financial charges of €523K were capitalized for the year. The change in inventory due to the sale of the office wing of Palazzo Orlando in the first quarter of 2011 amounts to €7,356K.

Note 7) Depreciation, amortization and provisions

Depreciation, amortization and provisions	2011	2010	Change
Amortization	(27)	(93)	66
Depreciation	(1,082)	(807)	(275)
Allocation to provision for doubtful accounts	(3,763)	(2,019)	(1,744)
Other provisions	238	(563)	801
Total depreciation, amortization and provisions	**(4,634)**	**(3,482)**	**(1,152)**

Depreciation and amortization are discussed in Notes 12 and following.
The accrual to the provision for doubtful accounts was made in order to adjust its balance to estimated realizable value. The increase with respect to 2010 is explained chiefly by the writedown of 90% of the rent receivable on the Darsena City shopping center. See Note 22 for changes in this provision.
Other provisions cover estimated penalties that are likely to be paid in connection with a local property tax assessment, and show a reduction on 2010 due to the positive outlook of some pending disputes.

Note 8) Income/(loss) from equity investments

Income/(loss) from equity investments	2011	2010	Change
Impairment of equity investments	(528)	(157)	(371)
Disposal of equity investments	(359)	(983)	624
Total income/(loss) from equity investments	**(887)**	**(1,140)**	**253**

The net loss from equity investments in 2011 stems from the impairment of the Group's 15% interest in Iniziative Bologna Nord (€528K), and from transaction costs strictly associated with the possible price adjustment on the sale of RGD S.r.l. SIINQ (€359K).

Note 9) Financial income and charges

Financial income	2011	2010	Change
Bank interest income	235	195	40
Other interest income and equivalent	50	341	(291)
Interest on repurchase agreement	75	2	73
Income from repurchase agreement	8	0	8
Interest on VAT refund	151	42	109
Exchange gains	263	2,064	(1,801)
Total third parties	**782**	**2,644**	**(1,862)**
Interest income from related parties	18	12	6
Interest income from Coop Adriatica account	9	19	(10)
Total related parties	**27**	**31**	**(4)**
Total financial income	**809**	**2,675**	**(1,866)**

Financial income decreased due mainly to the drop in exchange gains on financial income from Romania, which came to €263K for the year 2011.
Bank interest income increased as a result of higher account balances compared with the previous year.
"Interest on VAT refund" refers to interest received during the year on a VAT refund for 2010, for the period between the date of application for the refund (17 February 2011) and the date the application was approved (25 August 2011), as well as the interest accrued as a result of payment of the refund in installments.
The decrease in other interest income is due mainly to the sale of 50% of RGD S.r.l. and to the interest received in 2010 for early termination of the agreement to build a shopping center in Gorizia.
Interest income from related parties is described in Note 40.

Financial charges	2011	2010	Change
Interest expense on security deposits	177	113	64
Interest expense on Coop Adriatica account	970	817	153
Total related parties	**1,147**	**930**	**217**
Interest expense to banks	3,292	1,562	1,730
Other interest and charges	1,662	1,633	29
Exchange losses	379	1,989	(1,610)
Mortgage loan interest	16,112	10,386	5,726
Financial charges on leasing	235	380	(145)
Bond interest and charges	12,874	12,648	226
IRS spreads	8,443	9,452	(1,009)
Interest capitalized	0	(1,101)	1,101
Total third parties	**42,997**	**36,949**	**6,048**
Total financial charges	**44,144**	**37,879**	**6,265**

Financial charges grew significantly, due to the increase in net debt as a result of IGD's expansion (from €1,017,082K at 31 December 2010 to €1,128,968K at the close of 2011), and to the rise in interest rates on short-term loans.

The most significant changes during the year were as follows:
- the increase in mortgage loan interest arose from the full year's worth of interest on the loans financing the purchase of the Conegliano and Palermo malls, taken out in December 2010, and from new loans as discussed in Note 28;
- the rise in interest expense to banks relates primarily to the greater use of short-term credit facilities during the year;
- the decrease in exchange losses concerns net financial charges in Romania, amounting to €379K for the year.

Bond interest and charges, at €12,874K, are made up as follows:
- interest to bondholders (3.50%) = €8,050K;
- higher financial charges due to effective interest rate of 5.57% = €3,947K;
- higher financial charges due to use of amortized cost method = €877K.

Note 10) Income taxes

Income taxes	2011	2010	Change
Current taxes	1,397	2,834	(1,437)
Deferred tax liabilities	703	3,026	(2,323)
Deferred tax assets	(2,628)	(3,514)	886
Out-of-period income/charges	(348)	164	(512)
Total	**(876)**	**2,510**	**(3,386)**

Current and deferred tax amount to a positive €876K, due primarily to the writedown of properties to fair value. This led to a provision for deferred tax assets and a reversal of deferred tax liabilities, with a positive incidence of 26.6% of the overall tax rate.
Net of the fair value effect, the tax rate comes to 7.46% of the pre-tax profit. This is lower than in 2010, mostly because exempt operations accounted for a higher proportion of the parent company's total income (from 93.39% the previous year to 96.11%).

Note 11) Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing profit or loss (for the computation of diluted profit, the payout reserved to IGD's shareholders was adjusted by the amount of interest related to the bond, net of the tax effect) attributable to ordinary equity holders of IGD by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Earnings per share	31/12/2011	31/12/2010
Net profit attributable to IGD SIIQ S.p.A. shareholders	30,057	29,340
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	42,793	41,758
Weighted average number of ordinary shares for purposes of basic earnings per share	298,272,669	298,272,669
Weighted average number of ordinary shares for purposes of diluted earnings per share	381,909,033	370,560,757
Basic earnings per share	**0.101**	**0.098**
Diluted earnings per share	**0.112**	**0.113**

Note 12) Intangible assets with finite useful lives

Intangible assets with finite useful lives - 2010	Balance at 01/01/2010	Increases	Decreases	Amortization	Reclassifi-cations	Change in scope of con-solidation	Currency tran-slation gain/ loss	Balance at 31/12/2010
Intangible assets with finite useful lives	120	42	0	(93)	0	0	0	69
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**120**	**42**	**0**	**(93)**	**0**	**0**	**0**	**69**

Intangible assets with finite useful lives - 2011	Balance at 01/01/2011	Increases	Decreases	Amortization	Reclassifi-cations	Change in scope of con-solidation	Currency tran-slation gain/ loss	Balance at 31/12/2011
Intangible assets with finite useful lives	69	36	0	(27)	0	0	0	78
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**69**	**36**	**0**	**(27)**	**0**	**0**	**0**	**78**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.
The increase in 2011 concerns the cost incurred for the brand name when IGD acquired the division for the operation of retail businesses inside the mall at Crema’s Gran Rondò shopping center.

Note 13) Goodwill

Goodwill 2010	Balance at 01/01/2010	Increases	Decreases	Reclassifica-tions	(Impairment losses)/ Reversals	Change in scope of consolidation	Balance at 31/12/2010
Goodwill	**12,016**	**1,465**	**(63)**	**(66)**	**(950)**	**(975)**	**11,427**

Goodwill 2011	Balance at 01/01/2011	Increases	Decreases	Reclassifica-tions	(Impairment losses)/ Reversals	Change in scope of consolidation	Balance at 31/12/2011
Goodwill	**11,427**	**0**	**0**	**0**	**0**	**0**	**11,427**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2011:

Goodwill	31/12/2010	31/12/2011
Millennium S.r.l.	3,952	3,952
Winmagazin S.A.	5,409	5,409
Winmarkt Management S.r.l.	1	1
Centro Nova	546	546
Città delle Stelle	65	65
San Donà	448	448
Service	1,006	1,006
Total	**11,427**	**11,427**

Goodwill for Millennium and Winmagazin refers to consolidation differences from business combinations. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisals by CBRE and REAG, in accordance with the criteria described above for the Group's investment properties (see Note 15). Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability lies in the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount.

Goodwill for the CGUs Centro Nova, Città delle Stelle, San Donà, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. The amount attributed to each cash generating unit was determined on the basis of value in use. The figures were retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the 2012 budget and the plan for 2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.42%; the risk premium contained in the cost of equity is 5.50%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 14) - Buildings

Buildings 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2010
Historical cost	7,988	0	0	0	0	0	0	7,988
Accumulated depreciation	(128)	0	0	(192)	0	0	0	(320)
Net carrying value	**7,860**	**0**	**0**	**(192)**	**0**	**0**	**0**	**7,668**

Buildings 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2011
Historical cost	7,988	2,126	0	0	0	0	0	10,114
Accumulated depreciation	(320)	0	0	(202)	0	0	0	(522)
Net carrying value	**7,668**	**2,126**	**0**	**(202)**	**0**	**0**	**0**	**9,592**

This item refers to the purchase of IGD SIIQ S.p.A.'s head office, at the end of April 2009, through a finance lease. The increase for the year concerns the purchase of part of the third floor of the building in October 2011.

Note 15) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

Investment property 2010	Balance at 01/01/2010	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Balance at 31/12/2010
Investment property	**1,586,815**	**67,727**	**(19)**	**16,333**	**(25,079)**	**72,903**	**(52,050)**	**1,666,630**

Investment property 2011	Balance at 01/01/2011	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Balance at 31/12/2011
Investment property	**1,666,630**	**104,979**	**(1,022)**	**18,576**	**(32,726)**	**23,008**	**0**	**1,779,445**

Increases during the year concern:
- the acquisition in July, from Ipercoop Sicilia, of the hypermarket at La Torre Shopping Center in Palermo;
- the acquisition in June, from the parent company Coop Adriatica S.c.a.r.l., of the hypermarket at the Conè Shopping Center in Conegliano;
- the purchase from Leggenda S.r.l. of a property complex on Via Rizzoli, Bologna;
- the acquisition in April of the second floor of the building where IGD's head office is located, leased to Hera S.p.A.;
- the purchase in October of the third (top) floor of the building where the head office is located. The portion of that floor leased to Librerie Coop is being treated as investment property;
- the purchase of the division for the operation of retail businesses inside the mall at Crema's Gran Rondò shopping center;

- the purchase of the division for the operation of the cineplex and snack and beverage bar at Centro Sarca shopping center.

Increases also include improvements and upgrades to the malls at the Esp, Porto Grande, Afragola and Conegliano shopping centers and to the fitness area at the I Malatesta Shopping Center in Rimini.

Reclassifications refer to the costs incurred for the acquisition of 50% of the Darsena City Shopping Center in Ferrara, which in 2010 were allocated to assets under construction by virtue of the buy-back option granted to the seller (Magazzini Darsena S.p.A.) at the time of the purchase. The Darsena property was reclassified from “assets under construction and advances” to “investment property” as a result of the worsening financial situation of the Mascellani Group (owner of Magazzini Darsena S.p.A.), which has made the potential buy-back impossible and thus altered the general risks assumed by the Group, while also exposing it to the risk of revocation actions during this phase for any measures undertaken. The situation is also confirmed by the bankruptcy petition that IGD SIIQ S.p.A. filed in 2012 against Magazzini Darsena S.p.A.

The adjustment to fair value at 31 December 2011 entailed writedowns that exceeded revaluations. For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal reports by CB Richard Ellis and REAG, attached to the financial statements.

Note 16) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.

The increase refers mainly to the purchase of plant and equipment to complete the offices on the third floor of IGD headquarters and the division for operation of the cineplex and snack and beverage bar at Centro Sarca shopping center, as well as the purchase of air conditioning systems at Centro Piave.

Movements in plant and machinery in 2011 and 2010 are shown below:

Plant and machinery 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifica-tions	Change in scope of consolida-tion	Currency translation gain/loss	Balance at 31/12/2010
Historical cost	2,282	277	(155)	0	0	0	0	2,404
Accumulated depreciation	(1,270)	0	127	(131)	0	0	0	(1,274)
Net carrying value	**1,012**	**277**	**(28)**	**(131)**	**0**	**0**	**0**	**1,130**

Plant and machinery 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifica-tions	Change in scope of consolida-tion	Currency translation gain/loss	Balance at 31/12/2011
Historical cost	2,404	543	0	0	0	0	0	2,947
Accumulated depreciation	(1,274)	0	0	(285)	0	0	0	(1,559)
Net carrying value	**1,130**	**543**	**0**	**(285)**	**0**	**0**	**0**	**1,388**

The following tables show movements in equipment in 2011 and 2010:

Equipment 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2010
Historical cost	2,403	338	(16)	0	2	0	(4)	2,723
Accumulated depreciation	(871)	0	11	(316)	0	0	2	(1,174)
Net carrying value	**1,532**	**338**	**(5)**	**(316)**	**2**	**0**	**(2)**	**1,549**

Equipment 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2011
Historical cost	2,723	1,316	(7)	0	17	0	0	4,049
Accumulated depreciation	(1,174)	0	3	(415)	0	0	4	(1,582)
Net carrying value	**1,549**	**1,316**	**(4)**	**(415)**	**17**	**0**	**4**	**2,467**

Movements in leasehold improvements in 2011 and the previous year:

Leasehold improvements 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2010
Net carrying value	**1,667**	**194**	**(53)**	**(168)**	**0**	**0**	**0**	**1,640**

Leasehold improvements 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2011
Net carrying value	**1,640**	**0**	**0**	**(180)**	**0**	**0**	**0**	**1,460**

Note 17) Assets under construction

Assets under construction 2010	Balance at 01/01/2010	Increases	Decreases	Reclassifications	(Impairment losses)/ Reversals	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2010
Assets under construction	**132,399**	**58,288**	**(11,347)**	**(75,549)**	**(2,892)**	**(26,615)**	**7**	**74,291**

Assets under construction 2011	Balance at 01/01/2011	Increases	Decreases	Reclassifications	(Impairment losses)/ Reversals	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/2011
Assets under construction	**74,291**	**18,905**	**(378)**	**(23,025)**	**28**	**0**	**13**	**69,834**

The change in assets under construction stems from:
- the purchase of land in San Giovanni Teatino and the recognition of secondary urbanization works relating to the expansion of the Centro d'Abruzzo Shopping Center;
- the purchase of two plots of land (abutting the land already owned) to complete the building site of the future Chioggia shopping center, plus progress on infrastructure works;
- progress with the investment in the Centro Multifunzionale di Livorno (retail sector only).

The decrease is due mainly to the reclassification to investment property of the costs incurred to acquire 50% of the Darsena City Shopping Center in Ferrara, as explained in Note 15.
See section 2.5.2 on the real estate portfolio for further details.

Note 18) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities consist mainly of the tax effect on the fair value adjustment of property investments and interest rate swaps.

Deferred tax assets and deferred tax liabilities	31/12/2011	31/12/2010	Change
Deferred tax assets	19,888	13,104	6,784
Deferred tax liabilities	(48,366)	(48,910)	544

In detail:

Deferred tax assets	31/12/2011	31/12/2010	Change
Amortization reversal	14	32	(18)
Capital increase	0	93	(93)
Goodwill amortization for tax purposes	12	9	3
Taxed provisions	287	304	(17)
Bonus provision	72	64	8
IAS 40	9,236	6,632	2,604
Higher land value for tax purposes	752	756	(4)
IAS 19	1	1	0
Interest rate swaps	9,060	4,903	4,157
Impairment losses on land and construction in progress	169	310	(141)
Loss from tax consolidation	285	0	285
Total deferred tax assets	**19,888**	**13,104**	**6,784**

Deferred tax assets relate to:
- taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- the effect of investment property and construction in progress writedowns in accordance with IAS 40;
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land;
- the recognition of deferred tax assets on mortgage hedging instruments (IRS).

Deferred tax liabilities	31/12/2011	31/12/2010	Change
Depreciation and amortization for tax purposes	3	80	(77)
Capital gains in installments	4	6	(2)
Tax effect on amortization reversal	71	53	18
Tax effect on fair value of properties	45,573	45,067	506
Tax effect on interest rate swaps	0	1,207	(1,207)
Tax effect on post-employment benefits per IAS 19	15	10	5
Tax effect on convertible bond	92	227	(135)
Tax effect on leasing	2,542	2,194	348
Tax effect on put option	66	66	0
Total deferred tax liabilities	**48,366**	**48,910**	**(544)**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The decrease relates essentially to the fair value recognition of hedge derivatives, whose negative value at the close of the year led to the reversal of the deferred tax provisions made in 2010.

Note 19) Sundry receivables and other non-current assets

Other non-current assets	31/12/2011	31/12/2010	Change
Equity investments	212	740	(528)
Tax credits	4	4	0
Beneficial interest	1,907	3,785	(1,878)
Security deposits	53	51	2
Total	**2,177**	**4,581**	**(2,404)**

Equity investments	31/12/2010	increases	Decreases	Writedowns	31/12/2011
Consorzio Forte di Brondolo	55				55
Iniziative Bologna Nord	616			(528)	88
Consorzio Proprietari C.C. Leonardo	52				52
Consorzio C.C. i Bricchi	4				4
Other	13				13
Total	**740**	**0**	**0**	**(528)**	**212**

The change for equity investments refers mainly to the writedown of €528 thousand on the carrying value of Iniziative Bologna Nord.
“Beneficial interest” pertains to the cost incurred in 2010 to ensure the real right of enjoyment of the mall at Città delle Stelle Shopping Centerfor 2011 and 2012. Recognition of the portion pertaining to 2011 caused the decrease in this item for the year.

Note 20) Non-current financial assets

Non-current financial assets	31/12/2011	31/12/2010	Change
Non-current financial assets	**243**	**4,399**	**(4,156)**

The change refers to the fair value change in hedge derivatives at 31 December 2011. See Note 42 - Derivatives for further information.

Note 21) Work in progress inventory and advances

Work in progress inventory and advances	31/12/2010	Increases	Interest capitalized	Decreases	Reclassifica-tions	31/12/2011
Multifunctional complex	62,489	8,061	523	(1,228)	0	69,845
Advances	1,800	47		(540)	0	1,307
Total	**64,289**	**8,108**	**523**	**(1,768)**	**0**	**71,152**

Work in progress inventory relating to the land, buildings, and urban infrastructures of the multifunctional complex in Livorno increased by €8,061K due to the advancement of works. Financial charges of €523K were capitalized for the year. The decrease was caused by the sale of the office wing of Palazzo Orlando and amounts to €1,228K. With respect to 2010, €1,238K has been restated from “Advances” to “Multifunctional complex.” The complex will include residential areas, shopping, services, and overnight accommodation. The shopping section has been restated to assets under construction. See section 2.5 (“Investments”) for further details.

Note 22) Trade and other receivables

Trade and other receivables	31/12/2011	31/12/2010	Change
Trade and other receivables - third parties	22,290	17,726	4,565
Provision for doubtful accounts	(9,189)	(5,460)	(3,729)
Total	**13,101**	**12,265**	**835**

The increase in trade receivables is due essentially to the growth of revenue, as well as some extended payment terms and impaired receivables. In particular, the amount due from Magazzini Darsena S.p.A. (€1,925K) has been written down by 90%. Trade and other receivables are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits.
Movements in the provision for doubtful accounts are shown below:

	31/12/2010	Change in scope of consolidation	Translation effect	Utilizations	Writedown of delinquent interest	Allocations	31/12/2011
Provision for doubtful accounts	5,460	0	(21)	(25)	12	3,763	9,189
Total provision for doubtful accounts	**5,460**	**0**	**(21)**	**(25)**	**12**	**3,763**	**9,189**

Note 23) Related party trade and other receivables

Related party trade and other receivables	31/12/2011	31/12/2010	Change
Parent	40	108	(67)
Total parent	**40**	**108**	**(67)**
Consorzio dei Proprietari Centro Leonardo	2	2	0
Consorzio C.C. i Bricchi	29	68	(39)
Ipercoop Sicilia	23	6	17
Ipercoop Tirreno	13	13	0
Vignale Comunicazioni S.r.l.	116	308	(191)
Unicoop Tirreno S.c.a.r.l.	95	115	(20)
Librerie Coop S.p.A.	16	9	7
Robintur S.p.A.	1	12	(11)
Consorzio La Torre	165	36	129
Consorzio Crema	1	0	1
Consorzio Forte di Brondolo	2	0	2
Consorzio Katanè	58	0	58
Consorzio Lame	1	0	1
Consorzio Conè	3	39	(36)
Consorzio Sarca	418	0	418
Other related parties	**943**	**607**	**336**
Total related parties	**983**	**714**	**269**

See Note 40 for comments.

Note 24) Other current assets

Other current assets	31/12/2011	31/12/2010	Change
Tax credits			
VAT credits	9,213	41,746	(32,533)
IRES credits	906	440	466
IRAP credits	107	193	(86)
Due from others			
Advances paid to suppliers	40	4	36
Due from insurers	1	17	(16)
Accrued income and prepayments	513	374	139
Deferred costs	201	218	(17)
Other	412	820	(408)
Total other current assets	**11,393**	**43,812**	**(32,419)**

Other current assets decreased since the previous year, due mainly to a €32,533K reduction in VAT credits resulting from a refund of about €24,900K.
Deferred costs refer to new investments and projects to be completed in coming years.
The heading "Other" consists mainly of rent paid to the town of San Giovanni Teatino, at the end of 2011, for the use of parking spaces at the Abruzzo Shopping Center in 2012 and 2013.

Note 25) Financial receivables and other current financial assets

Current financial assets	31/12/2011	31/12/2010	Change
Other financial assets	278	6,001	(5,723)
Total due from third parties	**278**	**6,001**	**(5,723)**
Parent	0	449	(449)
Other related parties	1,426	642	784
Total due from related parties	**1,426**	**1,091**	**335**

"Other financial assets" decreased due the expiration in March 2011 of a repurchase agreement, valued at amortized cost at the close of 2010. This heading includes the receivable due for the VAT refund accrued in 2010, which is being repaid in installments.
Financial receivables from related parties concern a loan granted at market rates to Iniziative Immobiliari Bologna Nord (held 15%) and the balance of the pooled account with the parent company Coop Adriatica.

Note 26) Cash and cash equivalents

Cash and cash equivalents	31/12/2011	31/12/2010	Change
Cash and cash equivalents at banks, financial institutions and post offices	14,313	32,155	(17,842)
Cash on hand	120	109	11
Total cash and cash equivalents	**14,433**	**32,264**	**(17,831)**

Cash and cash equivalents at 31 December 2011 consisted mainly of current account balances at banks.

Note 27) Net equity

Movements in net equity are detailed in section 5.4.
Most of the movements in reserves were a result of:
- the distribution of the 2010 profit of €22,370K;
- the decrease in derivatives accounted for using the cash flow hedge method (-€12,427K for derivatives held by IGD SIIQ S.p.A. and -€1,716K for those held by the subsidiary Immobiliare Larice);
- the profit for the year allocable to owners of IGD SIIQ S.p.A. (€30,057K);
- the result for the period allocable to non-controlling interests (-€39K);
- adjustment of deferred taxation on the convertible bond (+€94K).

Note 28) Non-current financial liabilities

This item includes the convertible bond loan, the fair value of interest rate swaps, amounts due to other sources of finance, and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/2011	31/12/2010	Change
Mortgage loans with banks		**610,304**	**590,707**	**19,597**
Banca Toscana S.p.A. Casilino	31/12/2001 - 20/12/2011	0	12,827	(12,827)
Banca Toscana S.p.A. Casilino	31/12/2001 - 20/12/2011	0	3,988	(3,988)
Banca Toscana S.p.A. Livorno	31/12/2001 - 20/12/2011	0	8,101	(8,101)
Banca Toscana S.p.A. Livorno	31/12/2001 - 20/12/2011	0	6,979	(6,979)
BNL - Rimini mortgage loan	06/09/2006 - 06/10/2016	16,884	18,722	(1,838)
Interbanca S.p.A.	25/09/2006 - 05/10/2021	117,304	128,055	(10,751)
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	10,974	11,715	(741)
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	68,452	72,554	(4,102)
Unipol Lungo Savio	31/12/2008 - 31/12/2023	10,316	10,760	(444)
Unipol Merchant	10/04/2007 - 06/04/2027	83,295	86,276	(2,981)
Carige	17/12/2008 - 30/03/2024	26,359	27,374	(1,015)
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 01/11/2024	27,396	28,711	(1,315)
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	15,846	17,256	(1,410)
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	46,314	49,122	(2,808)
MPS Palermo	21/12/2010 - 30/11/2025	32,462	34,137	(1,675)
Carige Palermo - Iper	12/07/2011 - 30/06/2027	24,292	0	24,292
Centrobanca Conegliano	22/12/2010 - 31/12/2025	43,944	46,564	(2,620)
Centrobanca Conegliano - Iper	30/06/2011 - 30/06/2016	14,708	0	14,708
Centrobanca Livorno	01/02/2010 - 15/06/2013	10,925	10,875	50
Banca Popolare di Verona	27/07/2011 - 25/07/2026	4,250	0	4,250
Cassa Risp. Firenze	20/12/2011 - 31/12/2016	39,892	0	39,892
MPS	30/11/2007 - 30/11/2012	16,691	16,691	0
Non-current Financial liabilities (IRS on mortgage loans)		**34,773**	**19,665**	**15,108**
Convertible bond	**28/06/2007 - 28/12/2013**	**219,466**	**214,642**	**4,824**
Due to other sources of finance		**30,889**	**29,360**	**1,529**
Contingent liability for mall and business division		10,217	7,678	2,539
Options on equity investments	30/04/2014	14,953	13,819	1,134
Hipo Tirol leasing S.p.A.	01/04/2004 - 01/07/2012	0	1,878	(1,878)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,719	5,985	(266)
Total financial liabilities with third parties		**895,432**	**854,374**	**41,058**
Coop loan - Le Maioliche	31/12/2019	15,000	15,000	0
Total financial liabilities with related parties		**15,000**	**15,000**	**0**

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

- a new mortgage loan from Centrobanca for the purchase of the hypermarket at Conè Shopping Center in Conegliano;
- a new mortgage loan from Cassa di Risparmio di Firenze, deriving from the refinancing of loans taken out to finance the purchase of shopping center premises in Casilino and Livorno;
- transfer to IGD of Ipercoop Sicilia's loan with Banca Carige due to the purchase of the hypermarket at La Torre Shopping Center in Palermo;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2012 to current financial liabilities;
- fair value recognition of interest rate swaps used for hedging purposes;
- final price adjustment for the purchase of a mall and a business division;
- an increase of €1,135K for adjustment of the liability of the put & call option with Cooperare S.p.A. regarding a non-controlling share (20%) of Porta Medicea S.r.l.

Mortgage loans are secured by properties.

The following information concerns the convertible bond loan:

- On 28 June 2007 the Group issued a convertible bond of €230,000,000, paying coupons at 2.5%.
- In accordance with IAS 32, this was initially recognized as a financial liability of €200,305,352, corresponding to the value of a comparable liability with no equity component. The effective interest rate is 5.53%.
- Under the amortized cost method, the ancillary costs of the bond issue (€4,473,388.98) have been deducted from the amount payable in connection with the bond loan.

This accounting method has increased financial charges, for an effective rate of 6.03% until 22 April 2010, when the extraordinary general meeting voted to restructure the bond loan. In short, the changes include postponement of the bond's maturity from 28 June 2012 until 28 December 2013, an increase in the interest rate from 2.5% to 3.5% with coupons payable every six months, and a change in the conversion price from €4.93 to €2.75 per share with a consequent increase in capital from €46,653,144 to €83,636,364 to service the conversion. The transaction costs for the extraordinary operation came to €1,219,749 and were charged against the liability for the convertible bond, which was reduced by the same amount. The application of IAS 32 has led to a remeasurement of the financial liability and of the equity component that expresses the value of the option embedded in the convertible bond. The effective interest rate went from 6.03% to 6.05%.

The average interest rate on adjustable-rate mortgage loans at 31 December 2011 was 2.66%. The rate on the loan granted by Coop for the Le Maioliche Shopping Center was 3.499% at the close of the year.

Covenants

The **covenants** on loans outstanding at the close of the year are as follows:

- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2011, the ratio was 1.47.
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, IGD SIIQ S.p.A.'s debt-to-equity ratio exceeds 2.0. At the close of 2011, the ratio was 1.23.
- Article 12 bis of the contract with Unipol Banca S.p.A. and Unipol Merchant Banca per le Imprese S.p.A. signed on 26 March 2007 states that the bank can terminate the contract (or increase the spread) if, from 31 December 2007 through maturity, the IGD Group's debt-to-equity ratio exceeds 2.3. At the close of 2011, the ratio was 1.47.
- Article 8 of the contract with Cassa di Risparmio di Bologna signed on 27 March 2009 states that the bank can terminate the contract if, at any time

until maturity, the IGD Group's debt-to-equity ratio exceeds 1.6. At the close of 2011, the ratio was 1.47.

- Article 87 of the contract with Cassa di Risparmio del Veneto signed on 8 October 2009 states that the bank can terminate the contract if the 2009 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At the close of 2011, the ratio was 1.47.
- Article 13.1.7 of the contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.30, according to the consolidated financial statements for 2009 and subsequent years.Art. 13.1.8 also allows the bank to withdraw if, any time between utilization and final maturity, the loan-to-value (LTV) ratio exceeds 70%. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 by Faenza Sviluppo Area Marcucci (merged into IGD SIIQ S.p.A.) states that the bank can terminate the contract if the financial statements of IGD SIIQ S.p.A. for any financial year show a ratio of net external debt to equity plus intercompany financing of more than 2.70; at 31 December 2011 that ratio was 1.14.
- Article 2 of the contract with MPS signed on 21 December 2010 states that the bank can call in the loan if the debt/equity ratio exceeds 1.7 and the loan-to-value ratio exceeds 70%. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 9 of the contract with Centrobanca S.p.A. signed on 22 December 2010 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2. At the close of 2011, debt/equity was 1.47.
- According to Art. 10 of the contract with Centrobanca S.p.A. signed on 30 June 2011: i) the bank can call in the loan if the debt/equity ratio exceeds 2; ii) the bank can curtail the loan by an amount at its discretion, if the loan-to-value ratio exceeds 66.40%, such that this ratio is restored. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 14 of the contract with Banca Popolare di Verona signed on 25 July 2011 requires the borrower to maintain the debt/equity ratio of its subsidiary Porta Medicea below 1, equity of at least €55 million, and a loan-to-value ratio of 65% or less. At 31 December 2011, debt/equity amounted to 0.34, equity to €59.1 million, and LTV to 31.86%.
- Article 8.3 of the contract with CR Firenze signed on 19 December 2011 gives the bank the right to terminate the loan unless the borrower maintains the following ratios: EBITDA/financial charges > 1.5; debt/equity = 1.60 or less; debt/total value of properties (per certified annual appraisals attached to IGD's consolidated financial statements) = 0.65 or less. At 31 December 2011, EBITDA/financial charges was 1.99, debt/equity was 1.47, debt/total value of properties was 0.59, and the LTV was 58.66%.

The table below shows the amount of loans directly allocable to investment property at 31 December 2011 and the average maturity:

Project/asset	Carrying value of asset	Direct financial debt	Form	Average maturity
Investment property	**1,779,445**	**519,562**	**Mortgage loans, finance leases and bullet loans**	**12.07**

Note 29) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

Provision for employee severance indemnities	Balance at 31/12/2009	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/2010
Provision for employee severance indemnities	**552**	**0**	**(124)**	**160**	**24**	**612**

Provision for employee severance indemnities	Balance at 31/12/2010	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/2011
Provision for employee severance indemnities	**612**		**(82)**	**235**	**31**	**796**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

	2011	2010
Balance at 01/01	**612**	**552**
Current cost of service	172	168
Financial charges	31	24
Actuarial (gains)/losses	32	(32)
(benefits paid)	(51)	(100)
Balance at 31/12	**796**	**612**

The provision qualifies as a defined benefit plan. The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the Group’s liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic Assumptions	Employees
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of resignation	2%
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Financial assumptions	2011
Cost of living increase	2.00%
Discount rate	4.75%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

Note 30) General provisions

General provisions	31/12/2010	Utilizations	Allocations	31/12/2011
Provision for taxation	322	(32)	65	355
Bonus provision	565	(565)	652	652
Other general provisions	623	(328)	0	295
Provision for Guidonia penalties	135	(51)	0	84
Total	**1,645**	**(976)**	**717**	**1,386**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission. The allocation refers to an ICI (local property tax) dispute.
Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2012 on the basis of the Group's 2011 estimated results. Utilizations refer to the payment made in 2011.
Other general provisions
This amount covers liabilities deemed likely to arise from lawsuits with third parties. Utilizations relate to a positive outlook regarding some pending disputes.
Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. Utilizations for settlements in 2011 amounted to €51,223.

Note 31) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/2011	31/12/2010	Change
Deferred income	7,266	7,266	0
Substitute tax for SIIQ status (due beyond one year)	0	6,159	(6,159)
Other liabilities	58	262	(204)
Total	**7,324**	**13,687**	**(6,363)**

The decrease in non-current liabilities was caused by:
- the June 2011 payment of the fourth installment of the substitute tax following the achievement of SIIQ status, with the consequent restatement to current liabilities of the fifth and final installment due in June 2012;
- the refund, upon signature of the definitive purchase and sale agreement, of a down payment received in prior years for the sale of land in the town of Chioggia.

Related party payables are shown below:

Related party sundry payables and other non-current liabilities	31/12/2011	31/12/2010	Change
Parent	*9,322*	*8,532*	*790*
Security deposits from Coop Adriatica	9,322	8,532	790
Other related parties	*3,449*	*3,406*	*43*
Security deposits from Ipercoop Tirreno S.p.A.	1,105	1,091	14
Security deposits from Unicoop Tirreno	2,319	2,290	29
Security deposits from Vignale Comunicazione	25	25	0
Total	**12,771**	**11,938**	**833**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. The increase in security deposits from Coop Adriatica reflects the amount received from the parent for the hypermarket at Centro Conè in Conegliano. Security deposits pay interest at the rates provided for by law.

Note 32) Current financial liabilities

Current financial liabilities	Duration	31/12/2011	31/12/2010	Change
Banca Pop. Emilia Romagna - hot money	23/12/2011 - 23/01/2012	8,000	0	8,000
Unicredit - hot money	30/12/2011 - 03/02/2012	10,002	0	10,002
BRE Banca - hot money	12/04/2011 - 12/07/2011	0	10,001	(10,001)
Carisbo - hot money	30/12/2011 - 20/01/2012	10,001	8,000	2,001
Cassa Risparmio PD RO	28/12/2011 - 17/01/2012	10,000	5,000	5,000
Cassa Risparmio PD RO	23/06/2010 - 23/08/2011	0	5,000	(5,000)
Banca Pop Commercio e Industria - hot money	17/09/2010 - 12/01/2011	0	5,000	(5,000)
Banca Pop Commercio e Industria - hot money	17/09/2010 - 12/01/2011	0	5,000	(5,000)
Banca Popolare di Verona - hot money	non-revolving	6,000	12,008	(6,008)
BNL - Bologna	14/12/2011 - 16/01/2012	20,000	10,000	10,000
Cassa Risp. Firenze - hot money	22/12/2011 - 12/01/2012	15,011	15,017	(6)
BNL - Bologna	non-revolving	10,014	9,486	528
Cassa Risparmio del Veneto - hot Money	23/12/2011 - 13/01/2012	20,016	10,047	9,969
Cassa Risparmio del Veneto - hot Money	23/06/2010 - 23/12/2011	0	20,012	(20,012)
Banca Pop Commercio e Industria		0	19	(19)
Banca Pop. Emilia Romagna		125	0	125
MPS 28634		0	1	(1)
Mps c/c 195923		36,922	0	36,922
Total due to banks		**146,091**	**114,591**	**31,500**
Banca Pop. di Verona S.c.a.r.l.	31/05/2001 - 31/05/2011	0	1,516	(1,516)
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	0	1,617	(1,617)
Unicredit Banca Impresa/Mediocredito	05/04/2001 - 05/04/2011	0	1,297	(1,297)
Banca Toscana S.p.A. Casilino 1	31/12/2001 - 20/12/2011	0	2,830	(2,830)
Banca Toscana S.p.A. Casilino 2	31/12/2001 - 20/12/2011	0	1,851	(1,851)
Banca Toscana S.p.A. Livorno 1	31/12/2001 - 20/12/2011	0	3,760	(3,760)
Banca Toscana S.p.A. Livorno 2	31/12/2001 - 20/12/2011	0	3,240	(3,240)
BNL - Rimini mortgage loan	06/09/2006 - 06/10/2016	1,934	1,913	21
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	885	818	67
Unipol Lungo Savio	31/12/2008 - 31/12/2023	446	419	27
Interbanca loan	25/09/2006 - 05/10/2021	11,537	10,989	548
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	4,146	4,142	4
Unipol Merchant	10/04/2007 - 06/04/2027	3,435	3,323	112
Carige	17/12/2008 - 30/03/2024	1,024	960	64
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 01/11/2024	1,801	1,167	634
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	1,429	1,429	0
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	2,825	2,821	4
MPS Palermo	21/12/2010 - 30/11/2025	1,782	1,669	113
Carige Palermo - Iper	12/07/2011 - 30/06/2027	708	0	708
Centrobanca Conegliano	22/12/2010 - 31/12/2025	2,644	2,670	(26)
Centrobanca Conegliano - Iper	30/06/2011 - 30/06/2016	802	0	802
Total mortgage loans with banks		**35,398**	**48,431**	**(13,033)**
Hipo Tirol leasing S.p.A.	01/04/2004 - 01/07/2012	1,876	990	886
Lease for IGD HQ	30/04/2009 - 30/04/2027	266	258	8
Coop Lombardia for Galleria Gran Rondò	11/07/2011	0	23,000	(23,000)
Purchase of Sarca division		750	0	750
Convertible bond	28/06/2007 - 28/12/2013	66	66	0
Total due to other sources of finance		**2,958**	**24,314**	**(21,356)**
Total current financial liabilities with third parties		**184,447**	**187,336**	**(2,889)**
Coop pooled account		49,469	2,988	46,481
Coop price adjustment Le Maioliche	21/02/2012	1,000	1,000	0
Coop loan - Le Maioliche	31/12/2019	0	139	(139)
Total due from related parties		**50,469**	**4,127**	**46,342**
Total current financial liabilities with related parties		**50,469**	**4,127**	**46,342**

Changes in **current financial liabilities with third parties** relate to:
- the increase in short-term bank borrowings as a result of new hot money loans;
- the full repayment of the loan to Coop Lombardia for the purchase of the Gran Rondò shopping center;
- payment of the final current installments of the mortgage loans contracted with Banca Popolare di Verona for the purchase of the Borgo shopping center, with Banca Intesa for the purchase of the Lame shopping center, and with UniCredit for the purchase of the Esp shopping center;
- the current portion of new mortgage loans.

Financial liabilities with third parties include the liability on the bond loan accrued at 31 December 2011, the current portion of lease payments on the new head office, the current portion of the loan contracted for the acquisition of the Sarca business, and the current portion of mortgage loans outstanding, including interest accrued.

Current financial liabilities with related parties include, at 31 December 2011, the balance of the pooled account with Coop Adriatica (which rose from €2,988K to 49,469K, charging 3.957% interest at the close of the year), and the amount due for the adjustment of the purchase price of Le Maioliche shopping center.

Note 33) Net financial position

As required by Consob Circular DEM/6064293 of 28 July 2006, the table below shows net debt at 31 December 2011 and 31 December 2010 determined using the criteria listed in the "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" published by the CESR (Committee of European Securities Regulators) on 10 February 2005.

Credit lines with banks amount to €303 million, of which €106.68 million was unutilized at the close of the year. See the section "Statement of financial position and financial review" for comments.

Net financial position	31/12/2011	31/12/2010
Cash and cash equivalents	(14,433)	(32,264)
Related party financial receivables and other current financial assets	(1,426)	(1,091)
Financial receivables and other current financial assets	(278)	(6,001)
Liquidity	**(16,137)**	**(39,356)**
Related party current financial liabilities	50,469	4,127
Current financial liabilities	146,841	137,591
Mortgage loans - current portion	35,398	48,431
Finance leases - current portion	2,142	1,248
Convertible bond loan - current portion	66	66
Current debt	**234,916**	**191,463**
Net current debt	**218,778**	**152,107**
Non-current financial assets	(41)	(19)
Derivative assets	(202)	(4,380)
Non-current financial liabilities due to other sources of finance	25,170	21,497
Finance leases - non-current portion	5,719	7,863
Non-current financial liabilities	610,304	590,707
Related party non-current financial liabilities	15,000	15,000
Convertible bond loan	219,466	214,642
Derivative liabilities	34,773	19,665
Net non-current debt	**910,189**	**864,975**
Total net debt per consob circular dem/6064293/2006	**1,128,968**	**1,017,082**

Note 34) Trade and other payables

Trade and other payables	31/12/2011	31/12/2010	Change
Trade payables	**11,215**	**15,733**	**(4,518)**

Most of the change is due to the payment of suppliers for construction and contract work on the investments in Palermo and Conegliano carried out in 2010.

Note 35) Related party trade and other payables

Related party trade and other payables	31/12/2011	31/12/2010	Change
Parent	1,855	4,759	(2,904)
Other related parties:	*788*	*165*	*623*
Consorzio Lame	58	27	31
Consorzio La Torre - PA	114	3	111
Consorzio Conè	60	112	(52)
Consorzio Forte di Brondolo	317	0	317
Consorzio Katanè	27	0	27
Consorzio Proprietari Leonardo	10	23	(13)
Consorzio I Bricchi	201	0	201
Librerie Coop	1	0	1
Total related parties	**2,643**	**4,924**	**(2,281)**

See Note 40 for comments.

Note 36) Current tax liabilities

Current tax liabilities	31/12/2011	31/12/2010	Change
IRPEF incl. regional and municipal surtax	470	431	39
IRAP	47	0	47
IRES	201	204	(3)
VAT	158	172	(14)
City of Ferrara	252	0	252
Other taxes	17	0	17
Substitute tax for reval. Decree 185	0	447	(447)
Substitute tax for SIIQ status	6,724	7,012	(288)
Total current tax liabilities	**7,869**	**8,266**	**(397)**

This item consists mainly of employee withholding tax, the tax substituting IRES and IRAP (due in June 2012) as a result of IGD's opting for SIIQ status, and IRES due by companies not participating in the tax consolidation.

Note 37) Other current liabilities

Other current liabilities	31/12/2011	31/12/2010	Change
Social security	329	315	14
Accrued liabilities and deferred income	923	851	72
Insurance	22	25	(3)
Due to employees	706	598	108
Security deposits received	2,839	3,827	(988)
Unclaimed dividends	1	1	0
Advances received, due within one year	920	1,198	(278)
Other liabilities	242	96	146
Total other liabilities	**5,982**	**6,911**	**(929)**

The decrease in this item is due primarily to the security deposits that IGD has refunded to shopping center tenants upon receipt of bank guarantees ensuring the tenants' compliance with the terms of their rental or leasing agreements.

Note 38) Related party other current liabilities

Related party other current liabilities	31/12/2011	31/12/2010	Change
Other payables	18	14	4
Total other liabilities with related parties	**18**	**14**	**4**

See note 40.

Note 39) Dividends paid and proposed

IGD SIIQ S.p.A. will propose a dividend on the basis of its separate financial statements for the year ended 31 December 2011, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 20 April 2011 (the AGM that approved the 2010 financial statements), a dividend of €0.075 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €22,370,451.

Note 40) Related party disclosures

Below is the information required by paragraph 18 of IAS 24.

Related party disclosures	Receivables and other current assets	Financial receivables	Current payables and other liabilities	Non-current payables and other liabi-lities	Financial payables	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica S.c.a.r.l.	40	0	1,855	9,322	65,469	1,869	23,843	0
Robintur S.p.A	1	0	0	0	0	0	0	0
Librerie.Coop S.p.A	16	0	1	0	0	0	0	0
Unicoop Tirreno S.c.a.r.l.	95	0	14	2,319	0	0	0	0
Vignale Comunicazione S.r.l.	116	0	0	25	0	0	0	0
Ipercoop Tirreno S.p.A	13	0	0	1,105	0	0	0	0
Ipercoop Sicilia	23	0	4	0	0	0	36,000	0
Cons. Forte di Brondolo	2	0	317	0	0	0	650	0
Cons. Proprietari Leonardo	2	0	10	0	0	0	9	0
Consorzio Bricchi	29	0	201	0	0	0	0	0
Consorzio Lame	1	0	58	0	0	0	127	0
Consorzio Katanè	58	0	27	0	0	0	0	0
Consorzio Conegliano	3	0	60	0	0	0	0	0
Consorzio Palermo	165	0	114	0	0	0	0	0
Consorzio Crema	1	0	0	0	0	0	0	0
Consorzio Sarca	418	0	0	0	0	0	0	0
Iniziative Bologna Nord	0	1,426	0	0	0	0	0	0
Total	**983**	**1,426**	**2,661**	**12,771**	**65,469**	**1,869**	**60,629**	**0**
Amount reported	**96,636**	**1,704**	**19,858**	**20,096**	**1,145,348**	**22,308**	**0**	**0**
Total increase/ decrease for the year							**127,905**	**385**
% of total	**1.02%**	**83.67%**	**13.40%**	**63.55%**	**5.72%**	**8.38%**	**47.40%**	**0.00%**

Related party disclosures	Revenue - other income	Financial income	Costs	Financial charges
Coop Adriatica S.c.a.r.l.	21,645	9	2,197	1,104
Robintur S.p.A	252	0	68	0
Librerie.Coop S.p.A	618	0	1	0
Unicoop Tirreno S.c.a.r.l.	5,139	0	102	0
Vignale Comunicazione S.r.l.	545	0	0	0
Ipercoop Tirreno S.p.A	2,087	0	0	43
Ipercoop Sicilia	3,341	0	0	0
Cons. Forte di Brondolo	2	0	0	0
Cons. Proprietari Leonardo	217	0	2	0
Consorzio Bricchi	107	0	704	0
Consorzio Lame	169	0	0	0
Consorzio Katanè	191	0	134	0
Consorzio Conegliano	158	0	198	0
Consorzio Palermo	186	0	105	0
Consorzio Crema	73	0	0	0
Consorzio Sarca	641	0	0	0
Iniziative Bologna Nord	0	18	0	0
Total	**35,371**	**27**	**3,511**	**1,147**
Amount reported	**130,253**	**809**	**45,489**	**44,144**
% of total	**27.16%**	**3.36%**	**7.72%**	**2.60%**

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A. and Librerie Coop S.p.A.), with companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted on an arm's-length basis and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:
• receivables and income for the leasing of properties used as hypermarkets;
• payables and costs for the rental/use of malls owned by Coop Adriatica;
• payables and costs for Coop Adriatica's supply of services in the areas of: equity and EDP;
• capitalized costs for services in connection with various real estate initiatives;
• security deposits received on leases;
• financial collection and payment transactions in the context of treasury services, until April 2011 only;
• an outstanding loan.

More specifically, new business with Coop Adriatica during the year consisted of:
• purchase of the hypermarket at Conè Shopping Centerand retail park in Conegliano and subsequent rental agreement signed in June. The purchase price of €23.5 million, plus taxes and transaction costs, was paid in full by IGD at the closing. Having acquired ownership of the hypermarket, IGD rented the building, with a gross leasable area of 9,500 square meters, back to Coop Adriatica under an 18-year lease. The purchase was subject to the "Procedure for Related Party Transactions" adopted by IGD SIIQ S.p.A. in accordance with Consob Regulation 17221 of 12 March 2010;
• contract regarding the design and creation of a retail park in Chioggia, valid from 1 January 2011 to 31 December 2012, for a total value of €120 thousand.

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

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the rental of the third floor of the building that houses IGD's head office.

Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets, and the purchase of the hypermarket at La Torre Shopping Center in Palermo.

Transactions with Ipercoop Tirreno consist of:
• security deposits received on leases;
• receivables and income for the leasing of properties used as hypermarkets;

Transactions with Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers. During the year, IGD SIIQ S.p.A. signed three rental agreements with Vignale Comunicazione, for the malls in Conegliano and Asti (valid from 1 March 2011 to 31 December 2011) and the mall in Palermo (1 January 2011 to 31 December 2012).

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

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

Transactions with Group companies consist of loans granted under standard market conditions and technical/administrative service contracts.

Note 41) Management of financial risk

In the course of business, the Group is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate derivatives. The Board of Directors reviews and agrees on policies to manage these risks.

Interest rate risk
The main risk factor is the volatility of interest rates and the effect this has on borrowing and on the investment of liquid funds.
The Group borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.
To hedge interest rate risk, the Group has entered into interest rate swaps covering 74,14% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model.

Liquidity risk
This refers to problems with liquidity management, insufficient resources to finance the business, and difficulty keeping up with loans or obtaining new credit. Liquidity is monitored through cash flow planning, and risk is mitigated by the Group's extensive credit lines.
The Finance department uses a financial forecasting tool to monitor expected cash flows over a one-quarter rolling horizon and makes sure there is enough liquidity to operate the business. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.
As for long-term loans, each facility finances a specific project, which minimizes the risk of needing to refinance. Some long-term loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.
Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.
Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation. The Group also has a portfolio of unmortgaged properties worth approximately €563 million.

Credit risk
Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate this risk, tenants go through a pre-contractual selection process, based on financial standing and earnings prospects. Reviews of potential customers are performed also with the help of external specialists and aim to identify any risk factors for the company.
All customers are asked for bank guarantees and/or security deposits to guarantee fulfillment of their commitments. Throughout the life of the contract, the company monitors compliance on an ongoing basis, and follows internal credit

management procedures in the event any problems arise; when the business relationship is secure, measures to assist the tenant may be taken. The IGD Group only deals with well-known, reliable customers and 27.16% of its core revenue is earned from related parties.

Foreign exchange risk

The Group is exposed to foreign exchange risk for its operations in Romania. Fluctuations in the value of the Romanian lei could lead to the writedown of properties held or to the unsustainability of contractual obligations for tenants in Romania, where rent is denominated in lei but anchored to the performance of the euro.

At the moment, IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and to support the value of the real estate portfolio, in part by making improvements. Capital expenditure plans for 2010-2012 are designed to increase the quality and attractiveness of these properties. Commercial policies are determined with care and with the utmost attention to local consumption styles and market demands. To that end, the Group employs a specialized team made up of head office and local professionals, to seek the right trade-off between the expertise acquired at the corporate level and knowledge of the local context.

Capital management

The primary objective of the Group's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value. This is pursued by:

1 keeping the debt/equity ratio at 1.5% or below (the ratio at 31 December 2011 was 1.47%);

2 keeping the loan-to-value ratio under 60% (it was 58.66% at the close of the year).

Note 42) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Fair value hierarchy	31/12/2011	Level
Interest rate swaps - receivables	202	2
Interest rate swaps - payables	(34,773)	2
Interest rate swaps - net effect	**(34,571)**	

In detail Contracts	Monte Paschi Finance 4	Aletti Interbanca	BNP Interbanca	MPS 10198433 (now Banca CRF)	MPS 10201705 (now Banca CRF)	Carisbo 902160165	Carisbo 910270202	BNP Paribas
Nominal amount	18,769,231	21,570,137	21,570,137	21,570,137	21,570,137	11,715,330	21,570,137	86,500,000
Inception date	06/10/06	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09	06/10/07
Maturity	06/10/16	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	06/10/17
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	4.38%

In detail Contracts	MPS 87065 (now Banca CRF)	Aletti Asti	Aletti Guidonia	Carisbo 100540011	Carisbo 1004290251	MPS 92285	MPS Guidonia
Nominal amount	21,570,137	8,250,381	18,211,250	11,000,508	10,785,499	8,250,381	18,211,250
Inception date	28/10/09	28/04/10	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10
Maturity	05/10/21	31/03/24	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%

In detail Contracts	Carisbo Guidonia 1008270304	Carisbo Guidonia 1008300079	MPS 2011 on Mediocreval loan no. 2711	Carisbo 2011 on CR Veneto loan Mondovì no. 28559790	Carisbo 2011 on Coné mall loan no. 29024749	Carisbo 2011 on Coné mall loan no. 29024753	Aletti on Coné mall loan 2011	Cassa Risp. Firenze new mortgage loan
Nominal amount	18,211,250	18,211,250	17,500,000	29,175,000	23,430,000	9,372,000	14,058,000	40,000,000
Inception date	27/08/10	27/08/10	12/07/11	12/07/11	12/09/11	12/09/11	12/09/11	22/12/11
Maturity	27/03/24	27/03/24	31/03/24	01/11/24	31/12/25	31/12/25	31/12/25	30/09/16
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.30%	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 43) Subsequent events

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

Note 44) Commitments and risks

At 31 December 2011 the Company had the following purchase and sale commitments:

- Agreement for a joint venture with Gam (member of the Despar Italia Group), an unrelated party that develops and manages shopping centers in southern Italy. The new company will own a shopping center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. Under the agreement, IGD will acquire a 50% interest in the owner of the Vibo Valentia shopping center. The due diligence of the company is still in course;
- Preliminary agreement for the purchase from a related party (Porta Medicea S.r.l.) of the retail section of the Centro Multifunzionale in Livorno, for €77 million.

Note 45) Darsena City dispute

Due to the dissolution of the joint venture with Beni Stabili (resulting in the sale of 50% of RGD S.r.l. by Immobiliare Larice) and the joint purchase of the Darsena City shopping center, the IGD Group has a commitment with RGD S.r.l. to assume its share of all income and costs associated with the definitive and preliminary contracts signed on 15 March 2006 and transferred to RGD S.r.l. on 29 March 2007, following the property's change of ownership on 9 March 2007. The companies Partxco S.p.A., Magazzini Darsena S.p.A. and Darsena F.M. S.r.l., the Group's counterparties in the above transaction, are currently facing financial difficulties. Together with RGD S.r.l. (now Beni Stabili SIIQ S.p.A.), the Group has come up with options to protect the parties' mutual interests given the complexity of the agreements and of the receivables outstanding.
As part of the litigation strategy, also taking account of the Mascellani Group's current insolvency, the following steps have been taken:

- regarding recovery of the rent due on the building leased to Magazzini Darsena:
  - **i.** RGD, in the interests of both shareholders, has acted to enforce the rental guarantee on that property in the amount of 3,640K. Likewise, on the entire amount of the unpaid rent, RGD obtained a payment order that was later contested, but reinstated by the court of first instance. The court of appeals then ruled definitively against a challenge to the lower court's ruling and a request to suspend the provisional enforcement of the payment order. Since no further arguments and/or new appeals were filed, the lower court's ruling became final in February 2012.
  - **ii.** The Court of Ferrara is hearing two separate complaints per Art. 447 bis of the Code of Civil Procedure, aimed at forcing Magazzini Darsena S.p.A. and Darsena F.M. S.r.l. to pay, respectively, the rent and the sublease rent on the Centro di Vicinato Darsena City until transfer of the relevant share of the building to IGD. The rulings have been suspended since 6 October 2011 until the judge decides on the preliminary motions.
  - **iii.** RGD has obtained authorization to seize all of Magazzini Darsena's and Darsena F.M.'s movable property, real estate and receivables, including from third parties. This interim relief was sought as instrumental to the pending action on the merits for the recognition of claims under the related contracts. Magazzini Darsena and Darsena F.M. made an unsuccessful appeal against the seizure ruling.
  - **iv.** IGD has filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding payment of unpaid rent accrued from 1 January 2011 to the present (as specified in the notes). The case is pending and the next appeal is scheduled for 9 July 2012.
  - **v.** IGD SIIQ S.p.A. and Beni Stabili, given the ongoing insolvency of the seller Magazzini Darsena, have petitioned the bankruptcy section of the Court of Ferrara (each with respect to its own credit position) to declare the bankruptcy of Magazzini Darsena S.p.A. and Darsena F.M.
- regarding the preliminary and definitive contracts left with RGD, due in part to the dissolution of the JV:
  RGD, now Beni Stabili SIIQ S.p.A., has resorted to the arbitration process provided for in the related contracts, notifying a request for arbitration against Magazzini Darsena, Darsena F.M. and Partxco S.p.A. on 30 May 2011. The purpose of the arbitration is to determine the legitimacy of the price adjustment clause in the contract for the purchase of the Darsena City Shopping Centerand calculate the amount of said adjustment, and to confirm the obligation of Magazzini Darsena and the joint obligation of Darsena F.M. and the parent company Partxco to pay future rent and the penalty that has accrued for late delivery of an additional section of the shopping center. The arbitration board was formed on 13 December 2011 and the deadline for the filing of the arbitration award is 12 November 2012.

Note 46) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings; as mentioned in earlier reports, one recommendation of the auditors was to revalue closing inventories for about €645K.
With regard to that assessment, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 has been rejected.
In September 2011 the Company appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.

Note 47) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:
- Financial assets measured at fair value through profit and loss: at 31 December 2011 the Group had no financial instruments in this category.
- Held to maturity investments: the Group has no financial instruments belonging to this category.
- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available-for-sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Group's financial instruments are included in the statement of financial position as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The financial statement items are classified below according to the categories required by IAS 39 at 31 December 2011 and 31 December 2010:

Classification 31/12/2011	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			212					212		212	212
- down payment for purchase of shares			0					0			0
- due from others											
- security deposits			53					53		53	53
- beneficial interest			**1,907**					**1,907**		**1,907**	**1,907**
Financial assets											
Trade and other receivables											
- trade receivables			13,101					13,101	13,101		13,101
- due from others											
- other receivables											
- advances paid to suppliers											
Related party trade and other receivables											
- parent			40					40	40		40
- other related parties			943					943	943		943
Other assets											
- monthly advances			40					40	40		40
- due from insurers			1					1	1		1
- accrued income and prepayments			513					513	513		513
- deferred costs			201					201	201		201
- Other			412					412	412		412
Financial assets for interest rate swaps							**202**	**202**		**202**	**202**
Financial receivables and other financial assets											
- other financial assets			278					278	278		278
- parent			0					0	0		0
- other related parties			1,426					1,426	1,426		1,426
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			14,313					14,313	14,313		14,313
- cash on hand			120					120	120		120
Total financial assets	**-**	**-**	**33,560**	**-**	**-**	**-**	**202**	**33,761**	**31,388**	**2,374**	**33,761**
Liabilities											
Financial liabilities											
- financial liabilities for interest rate swaps							34,773	34,773		34,773	34,773
- due to banks						146,091		146,091	146,091		146,091
- leasing						7,861		7,861	2,142	5,719	7,496
- convertible bond						219,532		219,532	66	219,466	213,496
- due to other sources of finance						25,921		25,921	750	25,171	25,921
- valuation of equity investments											
- mortgage loans with banks						645,702		645,702	35,398	610,304	525,626
Related party financial liabilities								**0**			**0**
- to parent						65,469		65,469	50,469	15,000	65,469
Sundry payables and other liabilities								**0**			**0**
- accrued liabilities and deferred income						7,266		7,266		7,266	7,266
- down payment								0			0
- other liabilities						58		58		58	58
Related party sundry payables and other liabilities								**0**			**0**
- parent						9,322		9,322		9,322	9,322
- related parties						3,449		3,449		3,449	3,449
Trade and other payables						**11,215**		**11,215**	**11,215**		**11,215**
Related party trade and other payables								**0**			**0**
- parent						1,855		1,855	1,855		1,855
- related parties						788		788	788		788
Other liabilities								**0**			**0**
- accrued liabilities and deferred income						923		923	923		923
- deferred revenue						0		0	0		0
- insurance						22		22	22		22
- security deposits received						2,839		2,839	2,839		2,839
- unclaimed dividends						1		1	1		1
- due to directors								0			0
- advances due within one year						920		920	920		920
- other liabilities						242		242	242		242
Related party other liabilities						**18**		**18**	**18**		**18**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**1,149,493**	**34,773**	**1,184,266**	**253,739**	**930,527**	**1,057,789**

Classification 31/12/2010	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			740					740		740	740
- down payment for purchase of shares			0					0		0	0
- due from others											
- security deposits			51					51		51	51
- beneficial interest			3,785					3,785		3,785	3,785
Financial assets											
Trade and other receivables											
- trade receivables			12,265					12,265	12,265		12,265
- due from others											
- other receivables											
- advances paid to suppliers											
Related party trade and other receivables											
- parent			108					108	108		108
- other related parties			607					607	607		607
Other assets											
- monthly advances			4					4	4		4
- due from insurers			17					17	17		17
- accrued income and prepayments			374					374	374		374
- deferred costs			218					218	218		218
- Other			820					820	820		820
Financial assets for interest rate swaps							**4,380**	**4,380**		**4,380**	**4,380**
Financial receivables and other financial assets											
- other financial assets			6,001					6,001	6,001		6,001
- parent			449					449	449		449
- other related parties			642					642	642		642
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			32,155					32,155	32,155		32,155
- cash on hand			109					109	109		109
Total financial assets	**-**	**-**	**58,345**	**-**	**-**	**-**	**4,380**	**62,725**	**53,769**	**8,956**	**62,725**
Liabilities											
Financial liabilities								**0**			
- financial liabilities for interest rate swaps							19,665	19,665		19,665	19,665
- due to banks						114,591		114,591	114,591		114,591
- leasing						9,111		9,111	1,248	7,863	8,963
- convertible bond						214,708		214,708	66	214,642	227,821
- due to other sources of finance						44,497		44,497	23,000	21,497	43,052
- valuation of equity investments								0			
- mortgage loans with banks						639,138		639,138	48,431	590,707	534,107
Related party financial liabilities								**0**			
- due to affiliate (TCA)						19,127		19,127	4,127	15,000	19,127
Sundry payables and other liabilities								**0**			
- accrued liabilities and deferred income						7,266		7,266		7,266	7,266
- down payment								0			
- other						262		262		262	262
Related party sundry payables and other liabilities								**0**			
- parent						8,532		8,532		8,532	8,532
- other related parties						3,406		3,406		3,406	3,406
Trade and other payables						15,733		15,733	15,733		15,733
Related party trade and other payables								**0**			
- parent						4,759		4,759	4,759		4,759
- other related parties						165		165	165		165
Other liabilities								**0**			
- accrued liabilities and deferred income						851		851	851		851
- deferred sales revenues						0		0	0		0
- insurance						25		25	25		25
- security deposits received						3,827		3,827	3,827		3,827
- unclaimed dividends						1		1	1		1
- due to directors								0			
- advances due within one year						1,198		1,198	1,198		1,198
- other						96		96	96		96
Related party other liabilities						**14**		**14**	**14**		**14**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**1,087,307**	**19,665**	**1,106,972**	**218,132**	**888,840**	**1,013,461**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.
To calculate the fair value of liabilities measured at amortized cost, the Group has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2011 a credit spread of 3.50% was applied (1.5% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral given	Carrying value	
	31/12/2011	31/12/10
Security deposits		
- Sundry receivables and other assets	53	51
- Altre attività correnti	0	0

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	2011	2010
Opening balance	**5,460**	**5,754**
Allocations		
- for individual writedowns	3,775	2,008
Utilizations	**-25**	**-658**
Impairment reversals		
Other movements	**-21**	**-1,644**
Total	**9,189**	**5,460**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€12,427K in 2011 and to +€566K in 2010. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to the undistributed earnings reserve under equity (net of the tax effects), amounted to -€1,716K in 2011 and -€935K the previous year.

Net gain (loss) 2011	Book value						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							-8,443
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
- Trade receivables			-3,775				
Total	**0**	**0**	**-3,775**	**0**	**0**	**0**	**-8,443**

Net gain (loss) 2010	Book value						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							-9,452
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
- Trade receivables			-2,008				
Total	**0**	**0**	**-2,008**	**0**	**0**	**0**	**-9,452**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	2011	2010
Interest income on financial assets not measured at fair value		
- Deposits	285	536
- Sundry receivables and other assets	83	2
- From parent	9	19
- From affiliates	18	12

Interest expense	2011	2010
Interest expense on financial assets not measured at fair value		
- Security deposits	177	113
- Deposits	3,292	1,562
- Trade and other payables		
- Sundry payables and other liabilities	1,662	1,633
- To parent	970	817
- To affiliates		
- Financial liabilities		
- Mortgage loans	16,112	10,386
- Leasing	235	380
- Convertible bond	12,874	12,648
- Interest capitalized	0	-1,101

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although on the balance sheet they are included under "financial assets."

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	2011	2010
Loans and receivables		
Sundry receivables and other assets	2,172	791
Financial assets		
Trade and other receivables	13,101	12,265
Related party trade and other receivables	983	714
Other assets	1,127	1,433
Cash and cash equivalents	14,313	32,155
Financial receivables and other financial assets	1,704	7,092
Hedging instruments	**202**	**4,380**
Guarantees		
Total	**33,601**	**58,831**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value,
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2011 Liabilities	On sight	< 3 months	3 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non-derivative financial instruments								
Trade and other payables								
Mortgage loans	5,781	4,453	13,246	38,909	44,110	205,570	437,794	749,863
Leasing	27	313	1,434	702	327	1,161	7,057	11,020
Convertible bond	0	0	4,025	4,025	238,050	0	0	246,100
Due to other sources of finance								
Short-term credit lines	215	67	0	0	0	0	0	283
Other liabilities								
Related party payables	48,883	0	0	0	0	0	0	48,883
Sureties								
Commitments and risks								
Total	**54,906**	**4,834**	**18,705**	**43,636**	**282,486**	**206,731**	**444,851**	**1,056,148**
Derivative financial instruments								
Interest rate swaps	1,417	575	2,721	5,400	10,519	17,714	-147	38,198
Total	**1,417**	**575**	**2,721**	**5,400**	**10,519**	**17,714**	**-147**	**38,198**
Exposure at 31/12/2011	***56,323***	***5,409***	***21,425***	***49,037***	***293,005***	***224,444***	***444,704***	***1,094,346***

Maturity analysis at 31/12/2010 Liabilities	On sight	< 3 months	3 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non-derivative financial instruments								
Trade and other payables								
Mortgage loans	4,643	8,846	20,123	49,891	50,513	157,735	494,870	786,621
Leasing	22	223	248	501	1,751	1,068	7,229	11,042
Convertible bond					5,830	235,846		241,676
Due to other sources of finance		91	118	23,214				23,422
Short-term credit lines	72	32	77					181
Other liabilities								
Related party payables								
Sureties								
Commitments and risks								
Total	**4,737**	**9,193**	**20,566**	**73,606**	**58,094**	**394,649**	**502,098**	**1,062,943**
Derivative financial instruments								
Interest rate swaps	1,939	408	2,914	4,765	7,544	5,918	-8,897	14,591
Total	**1,939**	**408**	**2,914**	**4,765**	**7,544**	**5,918**	**-8,897**	**14,591**
Exposure at 31/12/2010	***6,675***	***9,601***	***23,480***	***78,371***	***65,638***	***400,567***	***493,201***	***1,077,534***

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.
Floating-rate instruments expose the Group to interest rate risks on cash flows, while fixed-rate instruments expose the Group to interest rate risk on fair value.
The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - Exposure and sensitivity analysis	Benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		2011	2010	2011	2010	2011	2010	2011	2010
Interest-bearing assets	Euribor	232	339	-116	-170				
Hot money	Euribor	-1,455	-195	728	97				
Financial liabilities	Euribor	-6,475	-6,805	3,237	3,309				
Derivatives	Euribor								
- cash flow		4,619	4,270	-2,309	-2,135				
- fair value						27,082	22,041	-10,921	-11,582
Total		**-3,078**	**-2,390**	**1,539**	**1,101**	**27,082**	**22,041**	**-10,921**	**-11,582**

The assumptions underlying the sensitivity analysis are as follows:
- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial shift in the interest rate curve was assumed to be +100/-50 basis points, unchanged since 2010;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant.

For the sake of comparison, the same measurement was conducted on 2011 and 2010.

The method used to analyze and determine significant variables has not changed since the previous year.

5.7 MANAGEMENT AND COORDINATION

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.
Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

Financial statements: Coop Adriatica	2010	2009
Balance sheet (per civil code art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,560,130,738	1,476,450,998
C) - current assets	2,016,052,780	1,868,932,892
D) - accrued income and prepayments	10,628,784	10,439,544
Total assets	**3,586,812,302**	**3,355,823,433**
Equity and liabilities		
A) - net equity	866,010,272	838,814,233
B) - general provisions	25,928,171	30,598,678
C) - provision for employee severance indemnities	73,604,452	75,794,840
D) - payables	2,616,858,385	2,407,813,018
E) - accrued liabilities and deferred income	4,411,021	2,802,665
Total equity and liabilities	**3,586,812,302**	**3,355,823,433**
Memorandum accounts	**417,408,114**	**447,390,003**
Income statement (per civil code art. 2425)		
A) - production value	2,044,327,882	1,949,248,770
B) - production costs	-2,046,447,674	-1,942,715,044
C) - financial income and charges	52,127,423	48,866,295
D) - adjustments to the value of financial assets	-27,480,172	-18,424,466
E) - extraordinary income and charges	23,201,972	6,420,662
Income taxes	-18,087,017	-14,235,516
Net profit	**27,642,414**	**29,160,702**

5.8 SIGNIFICANT EQUITY INVESTMENTS PURSUANT TO ART. 125 OF CONSOB'S REGULATIONS FOR ISSUERS

Pursuant to Consob Resolution no. 11971 of 14 May 1999, as amended (Art. 126), below is a full list of significant equity investments held by IGD SIIQ S.p.A. at 31 December 2011.

Name	Registered office	Country	Held by	% held directly	% held indirectly	total % held
Immobiliare Larice s.r.l.	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Porta Medicea s.r.l.	Bologna Via Trattati Comunitari Europei 1957 2007, 13	Italy	Immobiliare Larice s.r.l.		60.00%	60.00%
Win Magazin S.A.	Bucarest	Romania	Immobiliare Larice s.r.l. 99,9%		99.90%	100.00%
			IGD SIIQ S.p.A. 0,1%	0.10%		
Winmarkt management s.r.l.	Bucarest	Romania	Win Magazin S.A.		100.00%	100.00%
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda, 175	Italy	Millennium Gallery s.r.l		35.40%	35.40%
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo n. 67	Italy	Immobiliare Larice s.r.l.		15.00%	15.00%

5.9 INFORMATION PURSUANT TO ART. 149 *DUODECIES* OF CONSOB'S REGULATIONS FOR ISSUERS

The following chart, prepared in accordance with Art. 149 duodecies of the Consob Listing Rules, shows the fees pertaining to 2011 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(in €/000)	Service provider	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	113
	Reconta Ernst & Young S.p.A.	Subsidiaries Immobiliare Larice S.r.l., Millennium Gallery S.r.l., Porta Medicea S.r.l.	33
	Ernst & Young S.r.l.	Romanian subsidiaries	42
Other services	Ernst & Young Financial-Business Advisors S.p.A.	IGD SIIQ S.p.A.	67
Total			**255**

5.10 CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:
   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with
     the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2011.

2. We also confirm that:

   2.1. the consolidated financial statements:
   - a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
   - b) correspond to the ledgers and accounting entries;
   - c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ S.p.A. and the companies included in the consolidation;

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of IGD SIIQ S.p.A. and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 8 March 2012

Claudio Albertini	Grazia Margherita Piolanti
Chief Executive Officer	Financial Reporting Officer

5.11 EXTERNAL AUDITORS' REPORT

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries, (the "IGD SIIQ S.p.A. Group") as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 24 March 2011.

3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the IGD SIIQ S.p.A. Group for the year then ended.

4. The Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the consolidated financial statements of the IGD SIIQ S.p.A. Group, does not cover such selected data.

5. The Directors of IGD SIIQ S.p.A. Group are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Directors' Report and the specific section Report on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian

Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the consolidated financial statements of IGD SIIQ S.p.A. Group at 31 December 2011.

Bologna, Italy
23 March 2012

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

2

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6


JOYE

6.1 INCOME STATEMENT

Income statement (in EUR)	Note	31/12/2011 (A)	31/12/2010 (B)	Change (A-B)
Revenue:	**1**	**88,845,192**	**75,881,854**	**12,963,338**
- from third parties		53,107,793	45,347,831	7,759,962
- from related parties		35,737,399	30,534,023	5,203,376
Other income:	**2**	**706,592**	**2,207,517**	**(1,500,925)**
- from third parties		258,991	1,641,420	(1,382,429)
- from related parties		447,601	566,097	(118,496)
Total revenue and operating income		**89,551,784**	**78,089,371**	**11,462,413**
Material and service costs:	3	9,106,161	10,757,040	(1,650,879)
- third parties		5,619,645	6,651,006	(1,031,361)
- related parties		3,486,516	4,106,034	(619,518)
Cost of labor	4	4,121,646	3,922,359	199,287
Other operating costs	5	4,217,161	3,768,077	449,084
Total operating costs		**17,444,968**	**18,447,476**	**(1,002,508)**
(Depreciation, amortization and provisions)	6	(3,399,331)	(1,598,011)	(1,801,320)
(Impairment losses)/reversals on work in progress	15	27,689	(6,976)	34,665
Fair value change - increases/(decreases)	13	(6,155,893)	1,152,538	(7,308,431)
Total depreciation, amortization, provisions, impairment and fair value changes		**(9,527,535)**	**(452,449)**	**(9,075,086)**
EBIT		***62,579,281***	***59,189,446***	***3,389,835***
Income/(loss) from equity investments	**7**	**5,727**	**8,891**	**(3,164)**
Income/(loss) from equity investments		5,727	8,891	(3,164)
Financial income	**8**	**984,587**	**762,244**	**222,343**
- third parties		344,994	215,601	129,393
- related parties		639,593	546,643	92,950
Financial charges	**8**	**36,119,717**	**27,745,111**	**8,374,606**
- third parties		35,085,313	27,344,230	7,741,083
- related parties		1,034,404	400,881	633,523
Net financial income (charges)		**(35,135,130)**	**(26,982,867)**	**(8,152,263)**
Pre-tax profit		***27,449,878***	***32,215,470***	***(4,765,592)***
Income taxes	9	(2,517,648)	(629,138)	(1,888,510)
Net profit		***29,967,526***	***32,844,608***	***(2,877,082)***

6.2 STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (in EUR)	31/12/2011 (A)	31/12/2010 (B)
Profit for the year	29,967,526	32,844,608
Other comprehensive income		
Impact of hedge derivatives on equity	(17,140,655)	780,895
Tax effect of hedge derivatives on equity	4,713,680	(214,746)
Other effects on income statement components	93,588	1,895,334
Other comprehensive income, net of tax effects	**(12,333,387)**	**2,461,483**
Total comprehensive income	**17,634,139**	**35,306,091**

6.3 STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position (in EUR)	Note	31/12/2011 (A)	31/12/2010 (B)	Change (A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	10	34,400	39,468	(5,068)
- Goodwill	11	64,828	64,828	0
		99,228	**104,296**	**(5,068)**
Property, plant, and equipment				
- Investment property	13	1,446,945,000	1,335,730,000	111,215,000
- Buildings	12	9,592,014	7,668,141	1,923,873
- Plant and machinery	14	59,935	54,851	5,084
- Equipment and other assets	14	1,607,763	1,241,134	366,629
- Leasehold improvements	14	7,554	11,331	(3,777)
- Assets under construction	15	50,185,824	59,282,288	(9,096,464)
		1,508,398,090	**1,403,987,745**	**104,410,345**
Other non-current assets				
- Deferred tax assets	16	16,466,404	10,349,935	6,116,469
- Sundry receivables and other	17	186,741,609	188,619,709	(1,878,100)
- Non-current financial assets	18	201,843	4,379,823	(4,177,980)
		203,409,856	**203,349,467**	**60,389**
Total non-current assets (A)		**1,711,907,174**	**1,607,441,508**	**104,465,666**
Current assets:				
Trade and other receivables	19	8,315,030	8,178,300	136,730
Related party trade and other receivables	20	349,552	517,098	(167,546)
Other current assets	21	6,737,255	31,583,897	(24,846,642)
Related party other current assets	22	473,898	1,580,594	(1,106,696)
Related party financial receivables and other current financial assets	23	17,034,187	19,232,413	(2,198,226)
Financial receivables and other current financial assets	23	277,819	6,001,485	(5,723,666)
Cash and cash equivalents	24	2,846,961	22,900,600	(20,053,639)
Total current assets (B)		**36,034,702**	**89,994,387**	**(53,959,685)**
Total assets (A + B)		**1,747,941,876**	**1,697,435,895**	**50,505,981**
Total net equity (C)	**25**	**750,310,657**	**755,046,623**	**(4,735,966)**
Non-current liabilities:				
Non-current financial liabilities	26	766,572,703	731,682,447	34,890,256
Related party non-current financial liabilities	26	15,000,200	15,000,200	0
Provision for employee severance indemnities	27	513,718	398,069	115,649
Deferred tax liabilities	16	19,818,687	20,401,252	(582,565)
General provisions	28	1,138,545	1,434,962	(296,417)
Sundry payables and other non-current liabilities	29	10,713	6,245,781	(6,235,068)
Related party sundry payables and other non-current liabilities	29	12,770,665	11,937,698	832,967
Total non-current liabilities (D)		**815,825,231**	**787,100,409**	**28,724,822**
Current liabilities:				
Current financial liabilities	30	138,353,893	123,476,244	14,877,649
Related party current financial liabilities	30	25,389,539	3,849,546	21,539,993
Trade and other payables	32	4,915,849	11,565,801	(6,649,952)
Related party trade and other payables	33	2,656,717	4,939,675	(2,282,958)
Current tax liabilities	34	7,292,422	7,304,586	(12,164)
Other current liabilities	35	2,948,787	3,962,118	(1,013,331)
Related party other current liabilities	36	248,781	190,893	57,888
Total current liabilities (E)		**181,805,988**	**155,288,863**	**26,517,125**
Total liabilities (F = D + E)		**997,631,219**	**942,389,272**	**55,241,947**
Total net equity and liabilities (C + F)		**1,747,941,876**	**1,697,435,895**	**50,505,981**

6.4 STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Profit (losses) carried forward	Net equity
Balance at 01/01/2010	**298,272,669**	**147,730,288**	**6,782,308**	**23,113**	**13,735,610**	**(3,703,587)**	**(11,275,891)**	**27,803,875**	**226,681,995**	**27,991,819**	**734,042,199**
Profit for the year										32,844,608	32,844,608
Other comprehensive income (losses)						566,149		1,895,334			2,461,483
Total comprehensive income (losses)						**566,149**		**1,895,334**		**32,844,608**	**35,306,091**
Effect of Faenza Sviluppo merger										611,968	611,968
Allocation of 2009 profit											
- dividends paid										(14,913,634)	(14,913,634)
- to legal reserve			835,350							(835,350)	
- to other reserves									7,074,817	(7,074,817)	
Balance at 31/12/2010	**298,272,669**	**147,730,288**	**7,617,658**	**23,113**	**13,735,610**	**(3,137,438)**	**(11,275,891)**	**29,699,209**	**233,756,812**	**38,624,593**	**755,046,623**

	Share capital	Share premium reserve	Legal reserve	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Profit (losses) carried forward	Net equity
Balance at 01/01/2011	**298,272,669**	**147,730,288**	**7,617,658**	**23,113**	**13,735,610**	**(3,137,438)**	**(11,275,891)**	**29,699,209**	**233,756,812**	**38,624,593**	**755,046,623**
Profit for the year										29,967,526	29,967,526
Other comprehensive income (losses)						(12,426,975)		93,588			(12,333,387)
Total comprehensive income (losses)						**(12,426,975)**		**93,588**		**29,967,526**	**17,634,139**
Other										347	347
Allocation of 2010 profit											
- dividends paid										(22,370,451)	(22,370,451)
- to legal reserve			1,385,104							(1,385,104)	
- to other reserves									5,142,536	(5,142,536)	
Balance at 31/12/2011	**298,272,669**	**147,730,288**	**9,002,762**	**23,113**	**13,735,610**	**(15,564,413)**	**(11,275,891)**	**29,792,797**	**238,899,348**	**39,694,374**	**750,310,657**

6.5 STATEMENT OF CASH FLOWS

Statement of cash flows for the year ended (in EUR)	31/12/2011	31/12/2010
Cash flow from operating activities:		
Net profit	29,967,526	32,844,608
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	4,751,351	3,026,368
Depreciation, amortization and provisions	3,399,331	1,598,011
Impairment losses	(27,689)	6,976
Net change in (deferred tax assets)/provision for deferred tax liabilities	(1,891,766)	(189,476)
Change in fair value of investment property	6,155,893	(1,152,538)
Net change in current assets and liabilities	14,095,159	10,343,110
Net change in current assets and liabilities with related parties	(950,828)	1,479,902
Net change in non-current assets and liabilities	(3,464,849)	(7,976,752)
Net change in non-current assets and liabilities with related parties	832,967	228,645
Cash flow from operating activities (A)	**52,867,095**	**40,208,854**
Investments in fixed assets	(112,066,046)	(118,037,883)
Disposals of fixed assets	0	8,010,956
Acquisitions of equity investments	0	(210,000)
Cash flow from investing activities (B)	**(112,066,046)**	**(110,236,927)**
Change in financial receivables and other current financial assets	5,723,666	(6,001,485)
Change in related party financial receivables and other current financial assets	2,198,226	25,281,166
Distribution of dividends	(22,370,451)	(14,913,634)
Change in current debt	14,877,649	28,761,246
Change in current debt with related parties	21,539,993	(1,667,844)
Change in non-current debt	17,176,229	33,415,767
Cash flow from financing activities (C)	**39,145,312**	**64,875,216**
Net increase (decrease) in cash balance	**(20,053,639)**	**(5,152,857)**
Cash balance at beginning of year	**22,900,600**	**27,947,622**
Cash acquired with merger	**0**	**105,836**
Cash balance at end of year	**2,846,961**	**22,900,600**

6.6 NOTES TO THE FINANCIAL STATEMENTS

Form and content of the separate financial statements of IGD SIIQ S.p.A.

Introduction

The separate financial statements of Immobiliare Grande Distribuzione at 31 December 2011 were approved and authorized for publication by the Board of Directors on 8 March 2012.
Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A. or IGD) is a company set up and organized under Italian law. It operates exclusively in Italy. IGD, which became an SIIQ (Società di Investimento Immobiliare Quotata, or real estate investment trust) in 2008, was the first company in Italy to obtain this status. It focuses on medium to large shopping centers comprised of a hypermarket and a mall.
IGD manages and leases properties, with the goal of profiting from its real estate portfolio through (1) the acquisition, construction and leasing of retail properties (shopping centers, hypermarkets, supermarkets and malls), and (2) the optimization of yields on the properties it owns outright or the sale of malls at a profit. It also provides a wide range of services, through agency and facility management operations at properties owned by the Company and third parties.
IGD SIIQ S.p.A. is a member of Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2011 financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the separate financial statements are the same as those employed in the annual financial statements for the year ended 31 December 2010, with the exception of the following new standards and interpretations applicable from 1 January 2011:

IAS 24 Related party disclosures (amendment)
The IASB has issued an amendment to IAS 24 that clarifies the definition of related party. The new definition emphasizes symmetry in the identification of related parties and more clearly defines the circumstances under which persons and executives with strategic responsibilities shall be considered related parties. The amendment also introduces an exemption from general related party disclosures for transactions with a government and with entities controlled, jointly controlled or significantly influenced by the same government. The adoption of these changes has not affected the Company's financial position or performance.

IAS 32 Financial instruments: presentation (amendment)
This amendment includes a change in the definition of financial liability in order to classify rights issues in foreign currency (as well as certain options and warrants) as equity when such instruments are given pro rata to all of an entity's existing owners of the same class of the entity's non-derivative equity instruments, or for the purchase of a fixed number of the entity's own equity instruments for a fixed amount of any currency. The amendment has had no impact on the Company's financial position or performance.

IFRIC 14 Prepayments of a minimum funding requirement (amendment)
This amendment removes an unintentional consequence that arises when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. It permits an entity to treat the prepayment of a minimum funding requirement as an asset. The IGD Group is not subject to minimum funding requirements in Europe. The change has therefore had no impact on the Company's financial position or performance.

Improvements to IFRS (May 2010)
In May 2010 the IASB issued a third set of improvements to the International Financial Reporting Standards, mostly with a view to removing inconsistencies and clarifying terminology. Each standard has its own transitional provisions. The adoption of the following improvements has entailed changes in the accounting policies but has not affected the Company's financial position or performance:
IFRS 3 Business combinations: changes the available options for the measurement of non-controlling interests. The option to measure these either at fair value or at the proportionate share of the acquiree's net identifiable assets

applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components should be measured at their acquisition date fair value. The change has had no impact on the Company's financial position or performance.
IFRS 7 Financial instruments - disclosures: aims to simplify and improve disclosures by reducing the volume of information on collateral held and requiring more qualitative disclosures to help contextualize the quantitative part. The change has had no impact on the Company's financial position or performance.
IAS 1 Presentation of financial statements: clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The Company provides this analysis in the statement of changes in equity.
IAS 34 Interim financial reporting: requires additional disclosures in the interim financial statements about fair value and changes in the classification of financial assets, as well as changes in contingent assets and contingent liabilities.

Accounting standards, amendments and interpretations effective from 1 January 2011 and not relevant for IGD

Changes in the following standards have had no impact on the Company's accounting policies, financial position or results:
IFRS 3 Business combinations – the change clarifies that contingent consideration from business combinations that took place before the adoption of IFRS 3 (as revised in 2008) should be accounted for according to IFRS 3 (2005).
IFRS 3 Business combinations – share-based payments (replaced voluntarily or not replaced) and their accounting treatment in the context of a business combination
IAS 27 Consolidated and separate financial statements – application of the transitional provisions of IAS 27 (2008 revision) to the standards consequently modified.
IFRIC 13 Customer loyalty programs – in calculating the fair value of award credits, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programs.
IFRS 7 Financial instruments: disclosures - the amendment will improve disclosures regarding transfer transactions (derecognition) of financial assets (for example, securitizations), including the possible effects of any risks that may remain with the entity that transferred the assets. It also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

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

The Company has not opted for the early adoption of any other standard, interpretation or improvement that has been issued but is not yet effective.

Use of estimates

In preparing the separate financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.
Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.
The financial statements, tables and explanatory notes are expressed in euro (EUR), unless specified otherwise.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.
Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the

acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.
Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.
Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.
In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.
If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.
Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- When goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.
After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.
The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including transaction expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40. Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general.
To that end, IGD SIIQ S.p.A. has hired specialized property appraisers CB Richard Ellis Professional Services S.p.A. and REAG to determine the market value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.
Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal

date, assuming:

- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration;

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: comparative (market) method and income method.

The financial statements at 31 December 2011 incorporate the property appraisals as follows:

- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used as described above. Until that time, the asset is recognized at the lower of fair value and cost. When construction or development of an investment property is completed, it is restated to "investment property".

IAS 23 - Borrowing costs (revised)

Borrowing costs are capitalized when they are directly attributable to the purchase and construction of investment property relating to both new constructions and extensions for which IGD owns the land and/or building and for which the necessary construction permits have been issued. Interest is capitalized provided that the augmented cost of the asset does not increase its value beyond fair value.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Category	Rate
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.
The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.
Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment.
Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.
Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all purchase, transformation and other expenses (including borrowing costs) incurred to bring the inventory to its present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost.
Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.
The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a predetermined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

Revenue

Revenue is recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

- Rental income

Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.

- Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes

Current tax assets and liabilities for 2011 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date. Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exception:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Company's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that IGD could be required to pay.

Financial liabilities

A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;

b) the hedge is expected to be highly effective;

c) the effectiveness of the hedge can be reliably measured;

d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata , similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status. At the close of 2011, 2010, 2009 and 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity. IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and finan-

cial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.
As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

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

Segment reporting

The income statement and balance sheet are broken down below by business segment, in accordance with IFRS 8.

Income statement	2011	2010	2011	2010	2011	2010	2011	2010
€/000	Rent		Services		Shared		Total	
Revenue	**88,869**	**75,940**	**529**	**1,760**	**0**	**0**	**89,398**	**77,700**
Change in inventory	0	0	0	0	0	0	0	0
Direct costs	(11,525)	(9,264)	(216)	(1,338)	0	0	(11,741)	(10,602)
Gross margin	**77,344**	**66,676**	**313**	**422**	**0**	**0**	**77,657**	**67,098**
Shared costs	0	0	0	0	(8,437)	(8,602)	(8,437)	(8,602)
Ebitda	**77,344**	**66,676**	**313**	**422**	**(8,437)**	**(8,602)**	**69,220**	**58,496**
Impairment/dep.&amort	(6,313)	999	0	0	(328)	(305)	(6,641)	694
Ebit	**71,031**	**67,676**	**313**	**422**	**(8,765)**	**(8,907)**	**62,579**	**59,190**
Net financial income (charges)	**0**	**0**	**0**	**0**	**(35,135)**	**(26,983)**	**(35,135)**	**(26,983)**
Equity investments	**0**	**0**	**0**	**0**	**6**	**9**	**6**	**9**
Taxes	**0**	**0**	**0**	**0**	**2,518**	**629**	**2,518**	**629**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**29,968**	**32,845**

With respect to the consolidated income statement, in this table costs and revenue from charge-backs have been offset against each other and certain out-of-period income/charges have been reclassified in the amount of €154K.

Statement of financial position	2011	2010	2011	2010	2011	2010	2011	2010
€/000	Rent		Services		Shared		Total	
Real estate portfolio	1,447,690	1,336,998	0	39	10,522	7,669	1,458,212	1,344,706
Other non-current assets	0	0	0	0	203,307	199,074	203,307	199,074
Current investments	50,186	59,282	0	0	0	0	50,186	59,282
Net working capital	(1,999)	13,452	(12)	363	(176)	82	(2,187)	13,897
Other non-current liabilities	(12,781)	(18,990)	0	(512)	(21,471)	(20,916)	(34,252)	(40,418)
Total use of funds	**1,483,096**	**1,390,742**	**(12)**	**(110)**	**192,182**	**185,909**	**1,675,266**	**1,576,541**
Net debt	732,790	658,347	(17)	(22,761)	192,182	185,909	924,955	821,494
Equity	750,306	732,395	5	22,651	0	0	750,311	755,047
Total sources	**1,483,096**	**1,390,742**	**(12)**	**(110)**	**192,182**	**185,909**	**1,675,266**	**1,576,541**

Notes to the separate financial statements

Note 1) Revenue

Revenue	2011	2010	Change
Freehold hypermarkets	**31,403,287**	**29,037,192**	**2,366,095**
Rent	**31,403,287**	**29,037,192**	**2,366,095**
Related parties	31,403,287	29,037,192	2,366,095
Leasehold hypermarkets	**0**	**0**	**0**
Rent	**0**	**0**	**0**
Business lease	**0**	**0**	**0**
Freehold supermarkets	**373,036**	**367,136**	**5,900**
Rent	**373,036**	**367,136**	**5,900**
Related parties	373,036	367,136	5,900
Total hypermarkets/supermarkets	**31,776,323**	**29,404,328**	**2,371,995**
Freehold malls, offices and city center properties	**55,301,433**	**44,839,071**	**10,462,362**
Rent	**9,267,717**	**6,093,864**	**3,173,853**
Related parties	2,985,929	280,588	2,705,341
Third parties	6,281,788	5,813,276	468,512
Business lease	**46,033,716**	**38,745,207**	**7,288,509**
Related parties	430,131	376,604	53,527
Third parties	45,603,585	38,368,603	7,234,982
Leasehold malls	**0**	**0**	**0**
Rent	**0**	**0**	**0**
Third parties	0	0	0
Business lease	**0**	**0**	**0**
Third parties	0	0	0
Other contracts	**476,558**	**469,333**	**7,225**
Other contracts and temporary rent at leasehold malls	476,558	469,333	7,225
Temporary rent at freehold malls	**1,290,878**	**1,169,122**	**121,756**
Related parties	545,016	472,503	72,513
Third parties	745,862	696,619	49,243
Total malls	**57,068,869**	**46,477,526**	**10,591,343**
Grand total	**88,845,192**	**75,881,854**	**12,963,338**
of which related parties	35,737,399	30,534,023	5,203,376
of which third parties	53,107,793	45,347,831	7,759,962

The increase in rent and business lease revenues from hypermarkets/supermarkets derives mainly from:
- the rental as from 12 July of the hypermarket at La Torre Shopping Center in Palermo;
- the rental as from end-June of the hypermarket at the Conè Shopping Center in Conegliano;
- ISTAT inflation indexing of existing rental contracts.

Most of the rise in rental and business lease income from freehold malls is due to:
- the leasing as from April of the Via Rizzoli building in Bologna;
- the leasing of the second and third floor offices of the Business Park building;
- the full-year contribution of revenue from the Via Darsena building in Ferrara, of which 50% was purchased from RGD S.r.l. at the end of 2010;
- the full-year contribution of the La Torre (Palermo) and Conè malls, leased as from November 2010.

See the directors’ report for further information.

Note 2) Other income

Other income	2011	2010	Change
Cost charge-backs	111,806	321,592	(209,786)
Pilotage and construction revenues	68,586	1,277,024	(1,208,438)
Other	78,599	42,804	35,795
Total other income from third parties	**258,991**	**1,641,420**	**(1,382,429)**
Refund of other charges - related parties	34,635	28,000	6,635
Cost charge-backs - related parties	20,083	54,788	(34,705)
Portfolio management and rent management revenues - related parties	60,411	141,329	(80,918)
Gains from disposals - related parties	0	25,595	(25,595)
Administrative services with related parties	332,472	314,735	17,737
Miscellaneous income - related parties	0	1,650	(1,650)
Total other income from related parties	**447,601**	**566,097**	**(118,496)**
Total	**706,592**	**2,207,517**	**(1,500,925)**

Most of the decrease in pilotage revenue stems from the opening of the Palermo and Conegliano shopping centers, resulting in reduced shopfitting services to the tenants of those centers, which were mostly completed in 2010.

The reduction in “Portfolio management and rent management revenues - related parties” is explained by the termination of the service agreement in force with RGD S.r.l. at the end of the previous year.

The heading “Other” consists mainly of facility management fees charged back to the relative consortiums, and income from services provided to related parties.

Note 3) Material and service costs

Material and service costs	2011	2010	Change
Material and service costs	**5,619,645**	**6,651,006**	**(1,031,361)**
Rent paid	177,699	190,778	(13,079)
Rented vehicles	106,554	103,968	2,586
Utilities	73,835	99,779	(25,944)
Advertisements, listings, advertising & promotions	315,001	256,318	58,683
Shopping center promotional costs	0	184,028	(184,028)
Service	1,100	0	1,100
Facility management costs	1,092,353	851,997	240,356
Facility management administration costs	0	0	0
Insurance	463,986	423,146	40,840
Professional fees	122,007	241,066	(119,059)
Directors' and statutory auditors' fees	691,079	657,888	33,191
External auditing fees	112,664	109,550	3,114
Investor relations, CONSOB, Monte Titoli costs	333,049	361,073	(28,024)
Recruitment, training and other personnel costs	237,952	222,714	15,238
Travel and accommodation	113,788	121,260	(7,472)
Failed project costs	158,772	233,159	(74,387)
Pilotage and construction costs	17,800	589,993	(572,193)
Consulting	1,013,608	1,166,648	(153,040)
Charge-backs	116,008	358,499	(242,491)
Maintenance and repairs	73,428	123,261	(49,833)
Bank fees and commissions	112,183	103,071	9,112
Cleaning, porterage and security	183,176	169,307	13,869
Other	103,603	83,503	20,100
Material and service costs with related parties	**3,486,516**	**4,106,034**	**(619,518)**
Rent paid	1,842,264	1,809,862	32,402
Advertisements, listings, advertising & promotions	0	164	(164)
Shopping center promotional costs	100,000	100,000	0
Pilotage and construction costs	0	585,002	(585,002)
Service	296,735	452,595	(155,860)
Facility management costs	976,385	877,879	98,506
Insurance	64,124	42,872	21,252
Directors' and statutory auditors' fees	142,687	176,500	(33,813)
Charge-backs	15,881	17,880	(1,999)
Maintenance and repairs	5,164	34,618	(29,454)
Other	43,276	8,662	34,614
Total	**9,106,161**	**10,757,040**	**(1,650,879)**

The principal component of this item is rent and usage fees paid for properties managed by IGD, as well as costs awaiting charge-back and pilotage/construction expenses (which will also be charged back to the operators). Material and service costs went down due mainly to the pilotage costs incurred in 2010 for the fitting of the Conegliano and Palermo shopping centers.

Note 4) Cost of labor

Cost of labor	2011	2010	Change
Wages and salaries	2,905,918	2,856,395	49,523
Social security	854,573	811,838	42,735
Severance pay	204,332	136,531	67,801
Other costs	156,823	117,595	39,228
Total	**4,121,646**	**3,922,359**	**199,287**

The cost of labor increased due to new hires and the renewal of the national employment contract.
Severance pay includes contributions to supplementary funds in the amount of €42,457. The workforce is broken down by category below:

	31/12/2011	31/12/2010
Executives	5	5
Middle managers	10	11
White collar	49	42
Total	**64**	**58**

The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. and its subsidiary. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Dates in office in 2012	End of term	Emoluments for office held at the reporting company
Board of Directors				
Gilberto Coffari	Chairman	01/01/11-30/05/11	2011 FY appr.	40,000
Gilberto Coffari	Chairman	01/06/11-31/12/11	2011 FY appr.	75,000
Gilberto Coffari	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Sergio Costalli	Vice Chairman	01/01/11-31/12/11	2011 FY appr.	40,000
Sergio Costalli	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Claudio Albertini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
	Chief Executive Officer	01/01/11-31/12/11	2011 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Aristide Canosani	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Francesco Gentili	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Sergio Santi	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Andrea Parenti	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Corrado Pirazzini	Director	01/01/11-31/12/11	2011 FY appr.	16,500
Board of Statutory Auditors				
Romano Conti	Chairman	01/01/11-31/12/11	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/11-31/12/11	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01/11-31/12/11	2011 FY appr.	16,500

continue →

Continue

Name	Title	Dates in office in 2012	End of term	Emoluments for office held at the reporting company
Internal Control Committee				
Massimo Franzoni	Director (Supervisor)	01/01/11-31/12/11	when no longer director	12,000
Aristide Canosani	Director	01/01/11-31/12/11	when no longer director	8,000
Leonardo Caporioni	Director	01/01/11-31/12/11	when no longer director	8,000
Compliance Committee				
Fabio Carpanelli	Director (Chairman)	01/01/11-31/12/11	when no longer director	12,000
Francesco Gentili	Director	01/01/11-31/12/11	when no longer director	8,000
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	8,000
Compensation Committee				
Riccardo Sabadini	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Nominations Committee				
Fabio Carpanelli	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Andrea Parenti	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Chairman's Committee				
Gilberto Coffari	Chairman	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01/11-31/12/11	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	01/01/11-31/12/11	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01/11-31/12/11	when no longer director	500 per meeting attended
Related Parties Committee				
Riccardo Sabadini	Director (Supervisor)	01/01/11-31/12/11	when no longer director	12,000
Andrea Parenti	Director	01/01/11-31/12/11	when no longer director	8,000
Giorgio Boldreghini	Director	01/01/11-31/12/11	when no longer director	8,000
Lead Independent Director				
Riccardo Sabadini	Director	01/01/11-31/12/11	2011 FY appr.	500 per meeting attended

Note 5) Other operating costs

Other operating costs	2011	2010	Change
Taxes	3,385,029	3,160,838	224,191
Contract registration	262,761	225,759	37,002
Out-of-period (income)/charges	(17,674)	(53,382)	35,708
Membership fees	78,743	69,532	9,211
Losses on receivables	249,262	56,729	192,533
Penalties	19,157	59,625	(40,468)
Fuel and tolls	84,614	85,929	(1,315)
Magazine subscriptions, office supplies, forms	92,857	106,048	(13,191)
Other operating costs	62,412	56,999	5,413
Total	**4,217,161**	**3,768,077**	**449,084**

"Taxes" refer mainly to local property tax (ICI), and the increase is due to acquisitions of new investment property in 2011. These consist mainly of the hypermarkets at the shopping centers in Palermo and Conegliano, a property complex in downtown Bologna, and two floors of the building that houses IGD's head office.

Note 6) Depreciation, amortization and provisions

Depreciation, amortization and provisions	2011	2010	Change
Amortization	(8,067)	(7,008)	(1,059)
Depreciation	(505,125)	(444,732)	(60,393)
Allocation to provision for doubtful accounts	(3,123,639)	(583,771)	(2,539,868)
Other provisions	237,500	(562,500)	800,000
Total depreciation, amortization and provisions	**(3,399,331)**	**(1,598,011)**	**(1,801,320)**

This item is comprised of:
- amortization and depreciation (see movements in intangible assets and in property, plant and equipment for further information);
- the allocation to the provision for doubtful accounts, which reduces trade receivables to their estimated realizable value (see Note 19 for changes in this provision);
- other provisions, covering estimated penalties that are likely to be paid in connection with a local property tax assessment, and showing a reduction on 2010 due to the positive outlook of some pending disputes.

Note 7) Income/(loss) from equity investments

Income/(loss) from equity investments	2011	2010	Change
Dividends	7,000	32,000	(25,000)
Writedowns of equity investments	(1,273)	(23,109)	21,836
Total income/(loss) from equity investments	**5,727**	**8,891**	**(3,164)**

In 2010, IGD SIIQ S.p.A. directly acquired a 0.1% interest in Winmagazin S.A. and an additional 9.9% through the subsidiary Immobiliare Larice S.r.l. In 2011 the Romanian company approved a dividend that was received in July. See Note 17 for information on the writedown.

Note 8) Financial income and charges

Financial income	2011	2010	Change
Bank interest income	107,304	86,994	20,310
Other interest income	22,212	84,936	(62,724)
Income from repurchase agreement	7,670	0	7,670
Interest on repurchase agreement	35,326	2,000	33,326
Other income	21,446	0	21,446
Interest on VAT refund	151,036	41,671	109,365
Total due from third parties	**344,994**	**215,601**	**129,393**
Interest income from related parties	632,779	530,138	102,641
Interest income from Coop Adriatica account	6,814	16,505	(9,691)
Total related parties	**639,593**	**546,643**	**92,950**
Total financial income	**984,587**	**762,244**	**222,343**

Bank interest income increased as a result of higher account balances compared with the previous year. The decrease in other interest income relates chiefly to the fact that in 2010, this heading included not only overdue interest income but also the interest received for early termination of the contract to build a shopping center in Gorizia.
"Interest on VAT refund" refers to interest received during the year on a VAT refund for 2010, for the period between the date of application for the refund (17 February 2011) and the date the application was approved (25 August 2011), as well as the interest accrued as a result of payment of the refund in installments. Interest income from subsidiaries refers to the financial receivable mentioned in Note 23.

Financial charges	2011	2010	Change
Interest expense to subsidiaries	0	1,237	(1,237)
Interest expense on security deposits	176,568	113,344	63,224
Interest expense to Coop Adriatica	857,836	286,300	571,536
Total related parties	**1,034,404**	**400,881**	**633,523**
Interest expense to banks	2,216,180	616,621	1,599,559
Other interest and charges	261,578	340,033	(78,455)
Mortgage loan interest	13,822,118	8,564,045	5,258,073
Financial charges on leasing	179,638	150,861	28,777
Bond interest and charges	12,873,662	12,647,694	225,968
IRS spreads	5,732,137	6,126,273	(394,136)
Interest capitalized	0	(1,101,297)	1,101,297
Total due from third parties	**35,085,313**	**27,344,230**	**7,741,083**
Total financial charges	**36,119,717**	**27,745,111**	**8,374,606**

Financial charges grew significantly, due to the increase in net debt as a result of IGD's expansion (from €821,494,116 at 31 December 2010 to €924,955,525 at the close of 2011). The most significant changes during the year were as follows:
- the increase in mortgage loan interest arose from the full year's worth of interest on the loans financing the purchase of the Conegliano and Palermo malls, taken out in December 2010, and from new loans as discussed in Note 26;
- the rise in interest expense to banks relates primarily to the greater use of short-term credit facilities during the year;
- interest expense to Coop Adriatica increased because the balance of the current account with the parent was negative for the entire year.

Bond interest and charges, at €12,873,662, are made up as follows:
- interest to bondholders at 3.50% = €8,050,000;
- higher financial charges due to effective interest rate of 5.57% = €3,947,093K;
- higher financial charges due to use of amortized cost method = €876,569K.

Note 9) Income taxes

Income taxes	2011	2010	Change
Current taxes	(185,167)	(301,924)	116,757
in detail:			
IRES	*317,973*	*450,443*	*(132,470)*
IRAP	*88,100*	*149,825*	*(61,725)*
Income from tax consolidation	*(591,240)*	*(902,192)*	*310,952*
Deferred tax liabilities	718,475	2,696,884	(1,978,409)
Deferred tax assets	(2,610,242)	(2,886,358)	276,116
Out-of-period income/charges	(440,714)	(137,740)	(302,974)
Total	**(2,517,648)**	**(629,138)**	**(1,888,510)**

As shown in the table above, current taxes were lower than in 2010 as concerns both IRES (corporate income tax) and IRAP (regional business tax), as a direct consequence of the increased share of exempt operations allowed by SIIQ rules, which rose from 93.39% in 2011 to 96.11%.
Deferred tax liabilities and deferred tax assets refer mainly to the application of IAS 40; see Note 16 for details.
The following tables show the results of applying SIIQ tax rules and the calculations used to confirm the economic and financial conditions for maintaining SIIQ status:

Income statement: exempt operations and taxable operations (in EUR)	31/12/2011 total	31/12/2011 exempt operations	31/12/2011 taxable operations
Total revenue and operating income	**89,551,784**	**87,022,835**	**2,528,949**
Total operating costs	**20,331,107**	**19,767,367**	**563,740**
(Depreciation, amortization and provisions)	(513,192)	(493,434)	(19,758)
(Impairment losses)/reversals on work in progress	27,689	0	27,689
Fair value change - increases/(decreases)	(6,155,893)	0	(6,155,893)
EBIT	**62,579,282**	**66,762,034**	**(4,182,753)**
Income/(loss) from equity investments	**5,727**	**0**	**5,727**
Income/(loss) from equity investments	5,727	0	5,727
Financial income	984,588	20,182	964,406
Financial charges	(36,119,718)	(35,092,912)	(1,026,806)
Net financial income (charges)	**(35,135,130)**	**(35,072,730)**	**(62,400)**
Pre-tax profit	**27,449,878**	**31,689,304**	**(4,239,426)**
Income taxes	(2,517,648)	0	(2,517,648)
Net Profit	**29,967,526**	**31,689,304**	**(1,721,778)**

Confirmation of economic condition	31/12/2011
Rental and equivalent income (exempt income) (A)	87,022,835
Total positive components (B)	90,543,372
Income ratio (A/B)	**96.11%**

Confirmation of financial condition		31/12/2011
Value of properties owned		1,446,945,000
Total rental properties		**1,446,945,000**
Beneficial interests		**1,907,346**
Properties under construction		50,185,824
Total properties under construction		**50,185,824**
Total rental properties and properties under construction	**A**	**1,499,038,170**
Total assets	***B***	***1,747,941,876***
Elements excluded from ratio:	**C**	**(43,168,270)**
Cash and cash equivalents		(2,846,961)
Loans /Group companies		(17,034,187)
Trade receivables		(8,664,582)
IGD SIIQ head office		(9,592,014)
VAT credit		(5,030,526)
Total adjusted assets B - C = D	**D**	**1,704,773,606**
Financial ratio A/D		***87.93%***

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2010 and 31 December 2011.

	31/12/2011	31/12/2010
Pre-tax profit	**27,449,878**	**32,215,470**
Theoretical tax charge (at 27.5%)	7,548,717	8,859,254
Profit shown in income statement	27,449,878	32,215,470
Increases:		
ICI (local property tax)	3,340,354	3,114,372
Negative fair value	6,155,893	
Other increases	7,958,974	8,281,439
Decreases:		
Temporary changes:		
Change in exempt income	(41,049,145)	(38,312,130)
Depreciation	(763,044)	(779,313)
Positive fair value		(1,152,538)
Other changes	(1,459,775)	(1,729,327)
Taxable income	**1,633,136**	**1,637,973**
Use of prior losses	**476,869**	**0**
Taxable income net of losses	**1,156,267**	**1,637,973**
Current taxes	***317,973***	***450,443***
Income from tax consolidation	***591,240***	***902,192***
Total current taxes for the year	***(273,267)***	***(451,749)***
Difference between value and cost of production	**72,576,141**	**61,913,891**
Theoretical IRAP charge (3.9%)	2,830,469	2,414,642
Difference between value and cost of production	72,576,141	61,913,891
Changes:		
Increases	7,896,599	6,810,355
Decreases	(1,102,568)	(1,181,783)
Change in exempt income	(76,278,625)	(62,947,503)
Other deductions	(878,070)	(825,448)
Taxable income for IRAP purposes	**2,213,477**	**3,769,511**
Current IRAP for the year	**88,100**	**149,825**

Note 10) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2010	Balance at 01/01/2010	Effect of merger	Increases	Decreases	Depreciation	Reclassifica-tions	Balance at 31/12/2010
Intangible assets with finite useful lives	35,787	2,742	8,208	(261)	(7,008)	0	39,468
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**35,787**	**2,742**	**8,208**	**(261)**	**(7,008)**	**0**	**39,468**

Intangible assets with finite useful lives 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifica-tions	Balance at 31/12/2011
Intangible assets with finite useful lives	39,468	3,000	0	(8,068)	0	34,400
Intangible assets with finite useful lives under development	0	0	0	0	0	0
Total intangible assets with finite useful lives	**39,468**	**3,000**	**0**	**(8,068)**	**0**	**34,400**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
The increase for the year relates to the development of the new logo of the Esp shopping center. This item also includes costs incurred in 2010 for a software license, being amortized over three years. During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.

Note 11) Goodwill

Goodwill 2010	Balance at 01/01/2010	Increases	Decreases	Reclassifica-tions	Balance at 31/12/2010
Goodwill	**127,464**	**0**	**(62,636)**	**0**	**64,828**

Goodwill 2011	Balance at 01/01/2011	Increases	Decreases	Reclassifica-tions	Balance at 31/12/2011
Goodwill	**64,828**	**0**	**0**	**0**	**64,828**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2011.

Goodwill	31/12/2011	31/12/2010
Città delle Stelle	64,828	64,828
Total	**64,828**	**64,828**

With regard to Città delle Stelle, the amount attributed to each cash generating unit was determined on the basis of value in use. The recoverable amount was calculated by projecting cash flows estimated in the 2012 budget and the plan for 2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.42%; the risk premium contained in the cost of equity is 5.50%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 12) Buildings

Buildings 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2010
Historical cost	7,987,743	0	0	0	0	7,987,743
Accumulated depreciation	(127,441)	0	0	(192,161)	0	(319,602)
Net carrying value	**7,860,302**	**0**	**0**	**(192,161)**	**0**	**7,668,141**

Buildings 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2011
Historical cost	7,987,743	2,126,500	0	0	0	10,114,243
Accumulated depreciation	(319,602)	0	0	(202,627)	0	(522,229)
Net carrying value	**7,668,141**	**2,126,500**	**0**	**(202,627)**	**0**	**9,592,014**

This item refers to the purchase of IGD SIIQ S.p.A.'s head office, at the end of April 2009, through a finance lease. The increase for the year concerns the purchase of the third floor of the building in October 2011.

Note 13) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

Investment property 2010	Balance at 01/01/2010	Increases	Decreases	Revaluations	Impairment	Transfers from assets under construction	Faenza Sviluppo merger	Balance at 31/12/2010
Investment property	**1,115,100,000**	**61,857,762**	**(19,020)**	**16,237,926**	**(15,085,388)**	**72,273,062**	**85,365,658**	**1,335,730,000**

Investment property 2011	Balance at 01/01/2011	Increases	Decreases	Revaluations	Impairment	Transfers from assets under construction	Balance at 31/12/2011
Investment property	**1,335,730,000**	**96,232,215**	**(1,019,373)**	**18,576,045**	**(24,731,938)**	**22,158,051**	**1,446,945,000**

Increases during the year concern:
- the acquisition in July, from Ipercoop Sicilia, of the hypermarket at La Torre Shopping Center in Palermo;
- the acquisition in June, from the parent company Coop Adriatica S.c.a.r.l., of the hypermarket at the Conè Shopping Center in Conegliano;
- the purchase from Leggenda S.r.l. of a building on Via Rizzoli, Bologna;
- the acquisition in April of the second floor of the building where IGD's head office is located, subsequently leased to Hera S.p.A.;
- the purchase in October of the third (top) floor of the building where the head office is located. The portion of that floor leased to Librerie Coop is being treated as investment property.

Increases also include improvements and upgrades to the malls at the Esp, Porto Grande, Afragola and Conegliano shopping centers and to the fitness area at the I Malatesta Shopping Center in Rimini.

Reclassifications refer to the costs incurred for the acquisition of 50% of the Darsena City Shopping Center in Ferrara, which in 2010 were allocated to assets under construction by virtue of the buy-back option granted to the seller (Magazzini Darsena S.p.A.) at the time of the purchase. The Darsena property was reclassified from "assets under construction and advances" to "investment property" as a result of the worsening financial situation of the Mascellani Group (owner of Magazzini Darsena S.p.A.), which has made the potential buy-back impossible and thus altered the general risks assumed by the Group, while also exposing it to the risk of revocation actions during this phase for any measures undertaken. The situation is also confirmed by the bankruptcy petition that IGD SIIQ S.p.A. filed in 2012 against Magazzini Darsena S.p.A.

The adjustment to fair value at 31 December 2011 entailed writedowns that exceeded revaluations. For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal reports by CB Richard Ellis and REAG, attached to the financial statements.

Note 14) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the usage agreements.
Movements in plant and machinery in 2011 and 2010 are shown below:

Plant and machinery 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2010
Historical cost	221,517	6,000	(71,541)	0	0	155,976
Accumulated depreciation	(125,855)	0	42,957	(18,227)	0	(101,125)
Net carrying value	**95,662**	**6,000**	**(28,584)**	**(18,227)**	**0**	**54,851**

Plant and machinery 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2011
Historical cost	155,976	24,796	0	0	0	180,772
Accumulated depreciation	(101,125)	0	0	(19,712)	0	(120,837)
Net carrying value	**54,851**	**24,796**	**0**	**(19,712)**	**0**	**59,935**

The increase relates to completion of the investments made for the new head office and the upgrading of the cooling system at the Ascoli shopping center.
The following tables show movements in equipment in this and the previous year:

Equipment and other assets 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Faenza Sviluppo merger	Balance at 31/12/2010
Historical cost	1,571,050	225,946	0	0	0	64,638	1,861,634
Accumulated depreciation	(384,805)	0	0	(230,567)	0	(5,128)	(620,500)
Net carrying value	**1,186,245**	**225,946**	**0**	**(230,567)**	**0**	**59,510**	**1,241,134**

Equipment and other assets 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2011
Historical cost	1,861,634	645,637	0	0	(10,949)	2,496,322
Accumulated depreciation	(620,500)	0	0	(279,008)	10,949	(888,559)
Net carrying value	**1,241,134**	**645,637**	**0**	**(279,008)**	**0**	**1,607,763**

Equipment increased due to completion of the head office and to renovations at Esp shopping center.
Movements in leasehold improvements in 2011 and the previous year:

Leasehold improvements 2010	Balance at 01/01/2010	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2010
Net carrying value	**68,034**	**0**	**(52,926)**	**(3,777)**	**0**	**11,331**

Leasehold improvements 2011	Balance at 01/01/2011	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/2011
Net carrying value	**11,331**	**0**	**0**	**(3,777)**	**0**	**7,554**

Note 15) Assets under construction

Assets under construction 2010	Balance at 01/01/2010	Increases	Decreases	Reclassifica-tions	Impairment	Faenza Sviluppo merger	Balance at 31/12/2010
Assets under construction	**83,331,560**	**55,939,966**	**(7,847,529)**	**(72,273,062)**	**(6,976)**	**138,328**	**59,282,288**

Assets under construction 2011	Balance at 01/01/2011	Increases	Decreases	Reclassifica-tions	Impairment	Balance at 31/12/2011
Assets under construction	**59,282,288**	**13,033,898**	**0**	**(22,158,051)**	**27,689**	**50,185,824**

The change in assets under construction stems from:
- progress on the expansion of the Esp shopping center;
- the purchase of land in San Giovanni Teatino and the recognition of secondary urban works relating to the expansion of the Centro d'Abruzzo shopping center;
- the purchase of two plots of land (abutting the land already owned) to complete the building site of the future Chioggia shopping center, plus progress on urban infrastructure works.

Reclassifications concern the purchase of 50% of the Darsena City Shopping Center in Ferrara; see Note 13 (Investment property) for details.
The decreases is essentially due to:
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value, net of reversals of impairment losses charged the previous year.

See section 2.5.2 on the real estate portfolio for further details.

Note 16) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities consist mainly of the tax effect on the fair value adjustment of property investments and interest rate swaps.

Deferred tax assets and deferred tax liabilities	31/12/2011	31/12/2010	Change
Deferred tax assets	16,466,404	10,349,935	6,116,469
Deferred tax liabilities	(19,818,687)	(20,401,252)	582,565

Deferred tax assets are shown in detail below:

Deferred tax assets	31/12/2011	31/12/2010	Change
Amortization reversal	9,600	22,812	(13,212)
Capital increase	0	92,535	(92,535)
Taxed provisions	105,469	131,133	(25,664)
Bonus provision	4,323	6,451	(2,128)
IAS 40	9,235,521	6,632,253	2,603,268
Impairment losses on land and construction in progress	169,062	309,625	(140,563)
Higher land value for tax purposes	752,593	755,602	(3,009)
IAS 19	789	789	0
Interest rate swaps	5,903,742	2,397,515	3,506,227
Loss from tax consolidation	285,305	0	285,305
Deferred tax assets - Nikefin	0	1,220	(1,220)
Total deferred tax assets	**16,466,404**	**10,349,935**	**6,116,469**

In accordance with SIIQ regulations, deferred tax assets arising from expenses incurred before the Company became an SIIQ are calculated as provided for in Law 296 of 27 December 2006 (paragraph 132) and in Circular 8/E of 31 January 2008, and refer to:

- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (capital increase expenses) or expensed in full as they can no longer be capitalized.

For differences arising after SIIQ status was achieved, deferred tax assets are calculated for the portion pertaining to taxable operations only, and refer to:

- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property and construction in progress writedowns in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land.

Deferred tax assets have been recognized against the loss calculated when determining income for IRES (corporate income tax) purposes for the tax consolidation. The decision was based on the likelihood of future taxable income for the Group that will allow the loss for this year to be used.

Deferred tax assets	Balance at 31/12/2010						Balance at 31/12/2011	
			Increases	Decreases	Increases	Reversal		
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
IAS 19, tax effect 2008	22,411	789					22,411	789
Fair value adj.	23,925,569	6,632,253	10,850,551	1,326,183	2,996,359	393,090	33,449,937	9,235,522
Land at fair value for SIIQ and 2011 IRAP adj.	2,725,801	755,602				3,008	2,725,801	752,594
IAS 36 impairment and IRAP adj.	1,115,310	309,625	147,820	650,810	40,813	181,377	612,320	169,061
IAS 38 2011	0	0	2,651	530	29	6	2,121	23
IAS 38 2008 & 2009 and 2011 adj.	11,880	216		4,837		141	7,043	75
IAS 38 2008 Nikefin and adj. 2011	631	12		316		8	315	4
Doubtful accounts	1,187,625	131,133	39,278	132,601	10,802	36,465	1,094,302	105,469
Bonus provision 2011	0	0	15,721		4,323		15,721	4,323
Bonus provision 2010	23,460	6,451		23,460		6,451	0	0
borrowing costs past IRES 50%	9,479	1,303		9,479		1,303	0	0
IAS 38 past IRES 50% & IRAP 2.82% (+ prior year IRAP adj.)	682	95		682		95	0	0
Capital increase IRES 50% & IRAP 2.82% (+ prior year IRAP adj.)	662,366	92,535		662,366		92,535	0	0
IAS 38 MV past IRES 50% & IRAP 2.82% (+ prior year IRAP adj.)	148,763	20,663		80,248		11,285	68,515	9,378
IAS 38 Nikefin past IRES 50% & IRAP 2.82% (+ prior year IRAP adj.)	2,277	318		2,277		318	0	0
Deferred tax assets Nikefin merger	4,437	1,220		4,437		1,220	0	0
Deferred tax assets Faenza merger		294		2,304		25	(2,304)	269
Deferred tax assets Faenza merger - adjustments	7,338	(89)		8,089		61	(751)	(149)
Deferred tax assets - loss for tax consolidation			1,037,474		285,305		1,037,474	285,305
Interest rate swaps*	8,718,238	2,397,515	12,749,918		3,506,226		21,468,156	5,903,742
Total	**38,566,267**	**10,349,935**	**24,843,413**	**2,908,619**	**6,843,857**	**727,388**	**60,501,061**	**16,466,404**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities:

Deferred tax liabilities	31/12/2011	31/12/2010	Change
Capital gains in installments	4,267	5,689	(1,422)
Tax effect on fair value of properties	19,722,800	18,960,679	762,121
Tax effect on interest rate swaps	0	1,207,453	(1,207,453)
Tax effect on convertible bond	91,620	227,431	(135,811)
Total deferred tax liabilities	**19,818,687**	**20,401,252**	**(582,565)**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. Most of the increase is explained by the revaluation of investment property. The decrease relates essentially to the fair value recognition of hedge derivatives, all of which had a negative value (liability) at the close of the year, leading to the reversal of the deferred tax provisions made in 2010.

Deferred tax liabilities	Balance at 31/12/2010						Balance at 31/12/2011	
			Increases	Decreases	Increases	Reversal		
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
Capital gains from disposals	20,688	5,689	0	5,172	0	1,422	15,516	4,267
IAS borrowing costs on bond for adjustment Taxable portion from 12.79% to 6.61%*	1,888,432	519,319	0	340,318	0	93,587	1,548,114	425,732
Borrowing cost on bond charged to profit or loss	-1,061,410	-291,888	0	153,542	0	42,224	-1,214,952	-334,112
	827,022	**227,431**	**0**	**493,860**	**0**	**135,811**	**333,162**	**91,620**
2011 fair value adj. and prior years IRAP adj.	66,810,033	18,960,679	10,464,421	7,571,247	2,889,225	2,127,103	69,703,207	19,722,800
Derivatives*	4,390,737	1,207,453	0	4,390,737	0	1,207,453	0	0
Total	**72,048,480**	**20,401,252**	**10,464,421**	**12,461,017**	**2,889,225**	**3,471,789**	**70,051,884**	**19,818,687**

* effect on derivatives and bond loan charged directly to equity.

Note 17) Sundry receivables and other non-current assets

Other non-current assets	31/12/2011	31/12/2010	Change
Equity investments	184,802,048	184,803,321	(1,273)
Tax credits	4,489	4,489	0
Beneficial interest	1,907,345	3,785,151	(1,877,806)
Due from others	3	3	0
Security deposits	27,724	26,745	979
Total	**186,741,609**	**188,619,709**	**(1,878,100)**

“Beneficial interest” pertains to the cost incurred in 2010 to ensure the real right of enjoyment of the mall at Citta delle Stelle Shopping Center for 2011 and 2012. Recognition of the portion pertaining to 2011 caused the decrease in this item for the year.
Equity investments are detailed in the table below:

Equity investments	31/12/2010	Increases	Decreases	Writedowns	31/12/2011
Immobiliare Larice S.r.l.	170,183,477	0	0	0	170,183,477
Millennium Gallery S.r.l.	14,313,025	0	0	0	14,313,025
Consorzio Forte di Brondolo	55,319	0	0	0	55,319
Consorzio Proprietari C.C. Leonardo	52,000	0	0	0	52,000
Winmagazin S.A.	186,891	0	0	(1,273)	185,618
Consorzio I Bricchi	4,335	0	0	0	4,335
Other	8,274	0	0	0	8,274
Total	**184,803,321**	**0**	**0**	**(1,273)**	**184,802,048**

There were no significant changes during the year.
The recoverability of the value of equity investments was tested using the discounted cash flow method. For each investment, the equity value (enterprise value + NFP) was determined and compared with the carrying value. Enterprise value was calculated by projecting each company's cash flows as estimated in the 2012 budget and in the plan for 2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.42%; the risk premium contained in the cost of equity is 5.50%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. No adjustments in value were found to be necessary, except for a writedown of €1,273 regarding Winmagazin S.A.

Note 18) Non-current financial assets

Non-current financial assets	31/12/2011	31/12/2010	Change
Non-current financial assets	**201,843**	**4,379,823**	**(4,177,980)**

The change on the previous year refers to the fair value change in hedge derivatives at 31 December 2011. See Note 40 - Derivatives for further information.

Note 19) Trade and other receivables

Trade and other receivables	31/12/2011	31/12/2010	Change
Trade and other receivables - third parties	14,992,785	11,719,451	3,273,334
Provision for doubtful accounts	(6,677,755)	(3,541,151)	(3,136,604)
Total	**8,315,030**	**8,178,300**	**136,730**

The increase in trade receivables is due essentially to the growth of revenue, as well as some extended payment terms and impaired receivables. In particular, the amount due from Magazzini Darsena S.p.A. (€1,924,860K) has been written down by 90%. They are shown net of the provision for doubtful accounts of €6,677,755. Movements in the provision for doubtful accounts are shown below:

Movements in provision for doubtful accounts	31/12/2010	Utilizations	Writedown of delinquent interest	Allocations	31/12/2011
Provision for doubtful accounts	3,541,151	(924)	13,889	3,123,639	6,677,755
Total provision for doubtful accounts	**3,541,151**	**(924)**	**13,889**	**3,123,639**	**6,677,755**

Receivables are written down based on an analysis of each tenant's position.

Note 20) Related party trade and other receivables

Related party trade and other receivables	31/12/2011	31/12/2010	Change
Parent	8,513	19,430	(10,917)
Total parent	**8,513**	**19,430**	**(10,917)**
Immobiliare Larice S.r.l.	8,870	0	8,870
Porta Medicea S.r.l.	109,835	54,473	55,362
Consorzio Forte di Brondolo	1,963	0	1,963
Consorzio dei Proprietari Centro Leonardo	0	39	(39)
Consorzio I Bricchi	26,840	67,695	(40,855)
Ipercoop Sicilia	22,917	6,181	16,736
Ipercoop Tirreno	13,243	13,243	0
Vignale Comunicazioni S.r.l.	116,409	307,513	(191,104)
Unicoop Tirreno S.c.a.r.l.	24,219	27,816	(3,597)
Librerie Coop S.p.A.	15,564	8,760	6,804
Robintur S.p.A.	1,179	11,948	(10,769)
Other related parties	**341,039**	**497,668**	**(156,629)**
Total related parties	**349,552**	**517,098**	**(167,546)**

See Note 38 for comments.

Note 21) Other current assets

Other current assets	31/12/2011	31/12/2010	Change
Tax credits			
VAT credits	5,030,526	30,404,255	(25,373,729)
IRES credits	905,978	439,573	466,405
IRAP credits	99,557	184,979	(85,422)
Due from others			
Due from insurers	900	17,361	(16,461)
Accrued income and prepayments	345,036	280,100	64,936
Deferred costs	35,766	128,877	(93,111)
Other	319,492	128,752	190,740
Total other current assets	**6,737,255**	**31,583,897**	**(24,846,642)**

Other current assets decreased since the previous year due mainly to a reduction in VAT credits, resulting from a refund requested in February 2011 in the amount of €17,000,000 (of which €16,803,354 was actually received during the year) and from the negative balance in 2011 between VAT claimed against purchases and VAT due on invoices issued. Of the heading "Other," €233,000 consists of rent paid to the town of San Giovanni Teatino, at the end of 2011, for the use of parking spaces at the Abruzzo Shopping Center in 2012 and 2013.
Deferred costs refer to new investments to be completed in coming years.

Note 22) Related party other current assets

Related party other current assets	31/12/2011	31/12/2010	Change
Receivables from tax consolidation	**473,898**	**1,580,594**	**(1,106,696)**
In detail:			
Immobiliare Larice S.r.l.	473,898	1,580,594	(1,106,696)

This item consists of the amount due from Immobiliare Larice as a result of transferring the subsidiary's 2011 taxable income and IRES credits to the tax consolidation scheme valid for participating Italian companies.

Note 23) Financial receivables and other current financial assets

Current financial assets	31/12/2011	31/12/2010	Change
Other financial assets	277,819	6,001,485	(5,723,666)
Total due from third parties	**277,819**	**6,001,485**	**(5,723,666)**
Parent	0	11,481	(11,481)
Other related parties	17,034,187	19,220,932	(2,186,745)
Total due from related parties	**17,034,187**	**19,232,413**	**(2,198,226)**

This heading includes the receivable due for the VAT refund accrued in 2010, which is being repaid in installments. The amounts due from related parties refer to financial receivables from the subsidiaries Millennium Gallery S.r.l. and Immobiliare Larice S.r.l. by way of a pooled account, charging interest at going market rates.

Note 24) Cash and cash equivalents

Cash and cash equivalents	31/12/2011	31/12/2010	Change
Cash and cash equivalents at banks, financial institutions and post offices	2,807,903	22,861,960	(20,054,057)
Cash on hand	39,058	38,640	418
Total cash and cash equivalents	**2,846,961**	**22,900,600**	**(20,053,639)**

Cash and cash equivalents at 31 December 2011 consisted mainly of current account balances at banks.

Note 25) Net equity

Movements in net equity are detailed in section 6.4. As resolved by the annual general meeting, the 2010 profit was allocated as follows:
- to the fair value reserve: €5,142,536
- to the legal reserve: €1,385,104
- to each share outstanding, excluding treasury shares, a dividend of €0.075 for a total of €22,370,451 (taking account of the accretion due as a result of the treasury shares held).

Most of the movements in other reserves were a result of:
- the change in derivatives accounted for using the cash flow hedge method €12,426,975;
- the separate recognition of deferred tax liabilities on the bond for the portion corresponding to exempt operations €93,588.

Pursuant to Civil Code Article 2427, paragraph 7 bis, the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.

Nature/description (€/000)	Amount	Eligibility for use	Amount available	Summary of utilizations in the past three years	
				for loss coverage	for other reasons
Share capital	**309,249,261**				
Treasury shares purchased	**-10,976,592**				
Capital reserves:					
Share premium reserve	147,730,288	A, B	147,730,288		
Translation reserve	23,113	A, B	23,113		
Merger surplus reserve	13,735,610	A, B	13,735,610		
Other reserves	2,952,493	---			
Profit reserves:					
Legal reserve	9,002,762	B	9,002,762		
Fair value reserve	238,899,348	B	238,899,348		
Unallocated earnings (losses carried forward)	9,726,848	A, B, C	9,726,848	(416,719)	
Total	**720,343,131**		**419,117,969**	**(416,719)**	
Non-distributable portion			409,391,121		
Remaining amount distributable			**9,726,848**	**(416,719)**	

Key: **A:** for capital increases **B:** for loss coverage **C:** for dividends

Note 26) Non-current financial liabilities

This item includes the convertible bond loan, the fair value of interest rate swaps, amounts due to other sources of finance (head office lease and contingent liability), and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/2011	31/12/2010	Change
Mortgage loans with banks				
Banca Toscana S.p.A. Casilino	31/12/2001 - 20/12/2011	0	12,827,220	(12,827,220)
Banca Toscana S.p.A. Casilino	31/12/2001 - 20/12/2011	0	3,988,202	(3,988,202)
Banca Toscana S.p.A. Livorno	31/12/2001 - 20/12/2011	0	8,101,035	(8,101,035)
Banca Toscana S.p.A. Livorno	31/12/2001 - 20/12/2011	0	6,979,353	(6,979,353)
BNL	06/09/2006 - 06/10/2016	16,884,116	18,722,102	(1,837,986)
Interbanca S.p.A.	25/09/2006 - 05/10/2021	117,304,123	128,055,367	(10,751,244)
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	10,974,090	11,715,330	(741,241)
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	68,451,879	72,553,920	(4,102,040)
Unipol Lungo Savio	31/12/2008 - 31/12/2023	10,315,927	10,759,559	(443,631)
Carige	17/12/2008 - 30/03/2024	26,359,378	27,374,007	(1,014,630)
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 01/11/2024	27,396,375	28,711,168	(1,314,793)
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	15,845,857	17,256,021	(1,410,165)
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	46,313,993	49,121,526	(2,807,533)
MPS Palermo	21/12/2010 - 30/11/2025	32,462,038	34,137,199	(1,675,162)
Carige Palermo - Iper	12/07/2011 - 30/06/2027	24,292,084	0	24,292,084
Centrobanca Conegliano	22/12/2010 - 31/12/2025	43,943,942	46,564,240	(2,620,297)
Centrobanca Conegliano - Iper	30/06/2011 - 30/06/2016	14,707,658	0	14,707,658
MPS	30/11/2007 - 30/11/2012	16,690,522	16,690,522	0
Cassa Risp. Firenze	20/12/2011 - 31/12/2016	39,892,486	0	39,892,486
Total mortgage loans		**511,834,468**	**493,556,770**	**18,277,698**
Non-current Financial liabilities (IRS on mortgage loans)		**22,711,645**	**9,821,279**	**12,890,366**
Convertible bond	28/06/2007 - 28/12/2013	**219,465,808**	**214,642,146**	**4,823,662**
Due to other sources of finance		**12,560,782**	**13,662,252**	**(1,101,470)**
Contingent liability for mall	31/12/2014	6,842,181	7,677,568	(835,387)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,718,601	5,984,684	(266,083)
Non-current financial liabilities		**766,572,703**	**731,682,447**	**34,890,256**
Due to parent				
Coop loan - Le Maioliche	31/12/2019	15,000,200	15,000,200	0
Related party non-current financial liabilities		**15,000,200**	**15,000,200**	**0**

The change in non-current financial liabilities is a result of:
- a new mortgage loan from Centrobanca for the purchase of the hypermarket at Conè Shopping Center in Conegliano;
- a new mortgage loan from Cassa di Risparmio di Firenze, deriving from the refinancing of loans taken out to finance the purchase of shopping center premises in Casilino and Livorno;
- transfer to IGD of Ipercoop Sicilia's loan with Banca Carige due to the purchase of the hypermarket at La Torre Shopping Center in Palermo;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2012 to current financial liabilities;
- fair value recognition of interest rate swaps used for hedging purposes;
- recalculation of the contingent consideration on a mall.

Mortgage loans are secured by properties.

Covenants

The covenants on loans outstanding at the close of the year are as follows:

- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2011, the ratio was 1.47.
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, IGD SIIQ S.p.A.'s debt-to-equity ratio exceeds 2.0. At the close of 2011, the ratio was 1.23.
- Article 8 of the contract with Cassa di Risparmio di Bologna signed on 27 March 2009 states that the bank can terminate the contract if, at any time until maturity, the IGD Group's debt-to-equity ratio exceeds 1.6. At the close of 2011, the ratio was 1.47.
- Article 87 of the contract with Cassa di Risparmio del Veneto signed on 08 October 2009 states that the bank can terminate the contract if the 2009 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At the close of 2011, the ratio was 1.47.
- Article 13.1.7 of the contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.30, according to the consolidated financial statements for 2009 and subsequent years. Art. 13.1.8 also allows the bank to withdraw if, any time between utilization and final maturity, the loan-to-value (LTV) ratio exceeds 70%. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 by Faenza Sviluppo Area Marcucci (merged into IGD SIIQ S.p.A.) states that the bank can terminate the contract if the financial statements of IGD SIIQ S.p.A. for any financial year show a ratio of net external debt to equity plus intercompany financing of more than 2.70; at 31 December 2011 that ratio was 1.14.
- Article 2 of the contract with MPS signed on 21 December 2010 states that the bank can call in the loan if the debt/equity ratio exceeds 1.7 and the loan-to-value ratio exceeds 70%. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 9 of the contract with Centrobanca S.p.A. signed on 22 December 2010 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2. At the close of 2011, debt/equity was 1.47.
- According to Art. 10 of the contract with Centrobanca S.p.A. signed on 30 June 2011: i) the bank can call in the loan if the debt/equity ratio exceeds 2; ii) the bank can curtail the loan by an amount at its discretion, if the loan-to-value ratio exceeds 66.40%, such that this ratio is restored. At the close of 2011, debt/equity was 1.47 and LTV was 58.66%.
- Article 8.3 of the contract with CR Firenze signed on 19 December 2011 gives the bank the right to terminate the loan unless the borrower maintains the following ratios: EBITDA/financial charges > 1.5; debt/equity = 1.60 or less; debt/total value of properties (per certified annual appraisals attached to IGD's consolidated financial statements) = 0.65 or less. At 31 December 2011, EBITDA/financial charges was 1.99, debt/equity was 1.47, debt/total value of properties was 0.59, and the LTV was 58.66%.

Note 27) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

Provision for employee severance indemnities	Balance at 1 January 2010	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31 December 2010
Provision for employee severance indemnities	**330,582**	**0**	**(45,334)**	**97,662**	**15,159**	**398,069**

Provision for employee severance indemnities	Balance at 1 January 2011	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31 December 2011
Provision for employee severance indemnities	**398,069**	**0**	**(65,550)**	**161,875**	**19,324**	**513,718**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

Recalculation of provision for severance indemnities according to IAS 19	2011	2010
Balance at 1 January	**398,069**	**330,582**
Current cost of service	111,036	107,502
Financial charges	19,324	15,159
Actuarial (gains)/losses	34,452	(24,375)
(benefits paid)	(49,163)	(30,799)
Balance at 31 December	**513,718**	**398,069**

The provision qualifies as a defined benefit plan. The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the company's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic assumptions	Employees
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of resignation	2%
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Financial assumptions	2011
Cost of living increase	2.00%
Discount rate	4.75%
Increase in total compensation	Executives 2.5% White collar/ Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

Note 28) General provisions

General provisions	31/12/2010	Utilizations	Allocations	31/12/2011
Provision for taxation	322,277	(32,318)	65,000	354,959
Bonus provision	354,913	(354,913)	404,133	404,133
Other general provisions	622,500	(327,096)	0	295,404
Provision for Guidonia penalties	135,272	(51,223)	0	84,049
Total	**1,434,962**	**(765,550)**	**469,133**	**1,138,545**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission. The allocation refers to an ICI (local property tax) dispute.
Bonus provision
The bonus provision relates to the variable compensation that will be paid to employees in 2012 on the basis of the Group's 2011 estimated results. The utilization refers to the payment made in 2011.
Other general provisions
This amount covers liabilities deemed likely to arise from lawsuits with third parties. Utilizations relate to a positive outlook regarding some pending disputes.
Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. Utilizations for settlements in 2011 amounted to €51,223.

Note 29) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/2011	31/12/2010	Change
Substitute tax for SIIQ status (due beyond one year)	0	6,159,444	(6,159,444)
Other liabilities	10,713	86,337	(75,624)
Total	**10,713**	**6,245,781**	**(6,235,068)**

The decrease in non-current liabilities was caused by:
- the June 2011 payment of the fourth installment of the substitute tax following the achievement of SIIQ status, with the consequent restatement to current liabilities of the fifth and final installment due in June 2012;
- the refund, upon signature of the definitive purchase and sale agreement, of a down payment received in prior years for the sale of land in the town of Chioggia.

Related party payables are shown below:

Sundry payables and other non-current liabilities	31/12/2011	31/12/2010	Change
Parent	**9,322,241**	**8,532,241**	**790,000**
Security deposits from Coop Adriatica	9,322,241	8,532,241	790,000
Related parties	**3,448,424**	**3,405,457**	**42,967**
Security deposits from Ipercoop Tirreno S.p.A.	1,105,046	1,091,029	14,017
Security deposits from Unicoop Tirreno	2,318,378	2,289,428	28,950
Security deposits from Vignale Comunicazione	25,000	25,000	0
Total	**12,770,665**	**11,937,698**	**832,967**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. The increase in security deposits from Coop Adriatica reflects the amount received from the parent for the hypermarket at Centro Conè in Conegliano. Security deposits pay interest at going market rates.

Note 30) Current financial liabilities

Current financial liabilities	Duration	31/12/2011	31/12/2010	Change
Due to banks				
Intesa		26	0	26
Mps c/c 195923		36,921,531	0	36,921,531
Banca Pop. Emilia Romagna - hot money	23/12/2011 - 23/01/2012	8,000,000	0	8,000,000
Unicredit - hot money	30/12/2011 - 03/02/2012	10,001,928	0	10,001,928
Banca Pop. Emilia Romagna		124,501	0	124,501
Banca Pop Commercio e Industria		0	19,064	(19,064)
MPS 28634		0	955	(955)
Carisbo - hot money	30/12/2011 - 20/01/2012	10,000,893	8,000,000	2,000,893
BNL - Bologna	14/12/2011 - 16/01/2012	20,000,000	10,000,000	10,000,000
Cassa Risp. Firenze - hot money	22/12/2011 - 12/01/2012	15,011,243	15,017,781	(6,538)
Banca Pop Commercio e Industria - hot money	17/09/2010 - 12/01/2011	0	5,000,000	(5,000,000)
Banca Pop Commercio e Industria - hot money	17/09/2010 - 12/01/2011	0	5,000,000	(5,000,000)
Banca Popolare di Verona - hot money	non-revolving	6,000,000	12,008,205	(6,008,205)
Total		**106,060,122**	**55,046,006**	**51,014,116**
Mortgage loans with banks				
Banca Pop. di Verona S.c.a.r.l.	31/05/2001 - 31/05/2011	0	1,515,763	(1,515,763)
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	0	1,617,171	(1,617,171)
Unicredit Banca Impresa/Mediocredito	05/04/2001 - 05/04/2011	0	1,297,129	(1,297,129)
Banca Toscana S.p.A. Casilino 1	31/12/2001 - 20/12/2011	0	2,830,033	(2,830,033)
Banca Toscana S.p.A. Casilino 2	31/12/2001 - 20/12/2011	0	1,851,156	(1,851,156)
Banca Toscana S.p.A. Livorno 1	31/12/2001 - 20/12/2011	0	3,760,161	(3,760,161)
Banca Toscana S.p.A. Livorno 2	31/12/2001 - 20/12/2011	0	3,239,524	(3,239,524)
BNL - Rimini mortgage loan	06/09/2006 - 06/10/2016	1,933,901	1,912,786	21,115
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	885,268	817,949	67,319
Unipol Lungo Savio	31/12/2008 - 31/12/2023	445,626	419,434	26,192
Interbanca loan	25/09/2006 - 05/10/2021	11,536,601	10,988,608	547,993
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	4,146,177	4,141,959	4,218
Carige - Asti ex-NK mortgage loan	17/12/2008 - 30/03/2024	1,024,229	960,273	63,956
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 01/11/2024	1,800,869	1,166,667	634,203
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	1,428,571	1,428,571	0
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	2,825,237	2,820,513	4,724
MPS Palermo	21/12/2010 - 30/11/2025	1,781,927	1,668,806	113,120
Carige Palermo - Iper	12/07/2011 - 30/06/2027	707,916	0	707,916
Centrobanca Conegliano	22/12/2010 - 31/12/2025	2,643,693	2,669,972	(26,279)
Centrobanca Conegliano - Iper	30/06/2011 - 30/06/2016	801,508	0	801,508
Total mortgage loans with banks		**31,961,523**	**45,106,476**	**(13,144,953)**
Lease for IGD HQ	30/04/2009 - 30/04/2027	266,084	257,598	8,486
Convertible bond	28/06/2007 - 28/12/2013	66,164	66,164	0
Coop Lombardia for Galleria Gran Rondò	11/07/2011	0	23,000,000	(23,000,000)
Due to other sources of finance		**332,248**	**23,323,762**	**(22,991,514)**
Total current financial liabilities with third parties		**138,353,893**	**123,476,244**	**14,877,649**
Due to parent				
Coop loan - Le Maioliche	31/12/2019	0	138,529	(138,529)
COOP pooled account		24,389,539	2,711,017	21,678,522
Price adjustment for Le Maioliche mall	21/02/2012	1,000,000	1,000,000	0
Total current financial liabilities with related parties		**25,389,539**	**3,849,546**	**21,539,993**

Changes in **current financial liabilities with third parties** relate to:
- the increase in short-term bank borrowings as a result of new hot money loans;
- the full repayment of the loan to Coop Lombardia for the purchase of the Gran Rondò shopping center;
- payment of the final current installments of the mortgage loans contracted with Banca Popolare di Verona for the purchase of the Borgo shopping center, with Banca Intesa for the purchase of the Lame shopping center, and with UniCredit for the purchase of the Esp shopping center;
- the current portion of new mortgage loans.

Financial liabilities with third parties include the liability on the bond loan accrued at 31 December 2011, the current portion of lease payments on the new head office, and the current portion of mortgage loans outstanding, including interest accrued.

Current financial liabilities with related parties include, at 31 December 2011, the balance of the pooled account with Coop Adriatica (which rose from €2,711,017 to €24,389,539) and the amount due for the adjustment of the purchase price of Le Maioliche shopping center.

Note 31) Net financial position

In detail:

Net financial position	31/12/2011	31/12/2010
Cash and cash equivalents	(2,846,961)	(22,900,600)
Related party financial receivables and other current financial assets	(17,034,187)	(19,232,413)
Financial receivables and other current financial assets	(277,819)	(6,001,485)
Liquidity	**(20,158,967)**	**(48,134,498)**
Related party current financial liabilities	25,389,539	3,849,546
Current financial liabilities	106,060,123	78,046,006
Mortgage loans - current portion	31,961,523	45,106,476
Finance leases - current portion	266,083	257,598
Convertible bond loan - current portion	66,164	66,164
Current debt	**163,743,432**	**127,325,790**
Net current debt	**143,584,465**	**79,191,292**
Non-current financial assets	0	0
Derivative assets	(201,843)	(4,379,823)
Non-current financial liabilities due to other sources of finance	6,842,181	7,677,568
Finance leases - non-current portion	5,718,601	5,984,684
Non-current financial liabilities	511,834,468	493,556,770
Related party non-current financial liabilities	15,000,200	15,000,200
Convertible bond loan	219,465,808	214,642,146
Derivative liabilities	22,711,645	9,821,279
Net non-current debt	**781,371,060**	**742,302,824**
Total net debt	**924,955,525**	**821,494,116**

See the directors' report for further information on net debt.

Note 32) Trade and other payables

Trade and other payables	31/12/2011	31/12/2010	Change
Trade payables	**4,915,849**	**11,565,801**	**(6,649,952)**

The decrease in trade payables is mostly due to the payment of suppliers for construction and contract work on the investments in Palermo and Conegliano recognized in 2010.

Note 33) Related party trade and other payables

Related party trade and other payables	31/12/2011	31/12/2010	Change
Parent	1,854,885	4,758,593	(2,903,708)
Other related parties:	*801,832*	*181,082*	*620,750*
Consorzio Lame	*58,022*	*26,951*	*31,071*
Consorzio La Torre - PA	*113,837*	*2,831*	*111,006*
Consorzio Conè	*59,972*	*112,036*	*(52,064)*
Consorzio Katanè	*27,038*	*0*	*27,038*
Immobiliare larice	*15,881*	*17,880*	*(1,999)*
Librerie Coop	*1,440*	*0*	*1,440*
Unicoop Tirreno	*0*	*321*	*(321)*
Consorzio Forte di Brondolo	*317,277*	*0*	*317,277*
Consorzio I Bricchi	*200,565*	*0*	*200,565*
Consorzio Proprietari Leonardo	*7,800*	*21,063*	*(13,263)*
Total related parties	**2,656,717**	**4,939,675**	**(2,282,958)**

See Note 38 for comments.

Note 34) Current tax liabilities

Current tax liabilities	31/12/2011	31/12/2010	Change
IRPEF incl. regional and municipal surtax	317,212	292,987	24,225
City of Ferrara	251,650	0	251,650
Substitute tax for SIIQ status	6,723,560	7,011,599	(288,039)
Total current tax liabilities	**7,292,422**	**7,304,586**	**(12,164)**

This item consists mainly of employee withholding tax and the SIIQ entry tax (due in June 2012) that replaces IRES and IRAP, as well as amounts due to the city of Ferrara for the redefinition of the retail area of the Darsena City shopping center.

Note 35) Other current liabilities

Other current liabilities	31/12/2011	31/12/2010	Change
Social security	175,517	163,535	11,982
Insurance	11,000	8,000	3,000
Due to employees	286,181	263,518	22,663
Security deposits received	2,244,981	3,438,276	(1,193,295)
Unclaimed dividends	569	835	(266)
Advances due within one year	1,350	1,350	0
Other liabilities	229,189	86,604	142,585
Total other liabilities	**2,948,787**	**3,962,118**	**(1,013,331)**

The decrease in this item is due primarily to the security deposits that IGD has refunded to shopping center tenants upon receipt of bank guarantees ensuring the tenants' compliance with the terms of their rental or leasing agreements.

Note 36) Related party other current liabilities

Related party other current liabilities	31/12/2011	31/12/2010	Change
Due for tax consolidation	230,346	176,409	53,937
Other payables	18,435	14,484	3,951
Total other liabilities with related parties	**248,781**	**190,893**	**57,888**

The amount due for the tax consolidation stems from the option for consolidated fiscal reporting exercised by IGD SIIQ S.p.A. and its subsidiaries Immobiliare Larice S.r.l., Porta Medicea S.r.l. and Millennium S.r.l. in June 2008, which was renewed in June 2011. The payable of €230,346 at 31 December 2011 results from the transfer of Millennium's and Porta Medicea's 2011 taxable income and IRES credits to the tax consolidation scheme, in the amount of €179,044 and €51,302, respectively.

Note 37) Dividends paid and proposed

IGD SIIQ S.p.A. will propose a dividend on the basis of its separate financial statements for the year ended 31 December 2011, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 20 April 2011 (the AGM that approved the 2010 financial statements), a dividend of €0.075 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €22,370,451.

Note 38) Related party disclosures

IGD SIIQ S.p.A. controls 100% of Immobiliare Larice S.r.l. and Millennium Gallery S.r.l.; 52% of Consorzio dei Proprietari Centro Leonardo; 72.25% of Consorzio I Bricchi; and 100% of Consorzio Forte di Brondolo. Below is the information required by paragraph 18 of IAS 24.

Related party disclosures	Receivables and other current assets	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial payables	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica scarl	8,513	0	1,854,885	9,322,241	40,389,739	1,869,300	23,842,879	0
Robintur spa	1,179	0	0	0	0	0	0	0
Librerie.Coop spa	15,564	0	1,440	0	0	0	0	0
Unicoop Tirreno scarl	24,219	0	14,484	2,318,378	0	0	0	0
Vignale Comunicazione srl	116,409	0	0	25,000	0	0	0	0
Ipercoop Tirreno spa	13,243	0	0	1,105,046	0	0	0	0
Ipercoop Sicilia	22,917	0	3,251	0	0	0	36,000,000	0
Immobiliare Larice srl	482,768	7,619,425	15,881	0	0	0	0	0
Millennium Gallery srl	0	9,414,762	179,044	0	0	0	0	0
Porta Medicea srl	109,835	0	51,302	0	0	0	0	0
Cons.Forte di Brondolo	1,963	0	317,277	0	0	0	649,900	0
Consorzio Proprietari Leonardo	0	0	7,800	0	0	0	9,221	0
Consorzio Bricchi	26,840	0	200,565	0	0	0	0	0
Consorzio Lame	0	0	58,022	0	0	0	127,491	0
Consorzio Katanè	0	0	27,038	0	0	0	0	0
Consorzio Conegliano	0	0	59,972	0	0	0	0	0
Consorzio Palermo	0	0	113,837	0	0	0	0	0
Winmarkt management srl	0	0	0	0	0	0	0	0
Winmagazine S.a.	0	0	700	0	0	0	0	0
Total	**823,450**	**17,034,187**	**2,905,498**	**12,770,665**	**40,389,739**	**1,869,300**	**60,629,491**	**0**
Amount reported	**15,875,735**	**17,312,006**	**10,770,134**	**12,781,378**	**945,316,335**	**203,409,856**	**1,508,497,318**	**1,508,497,318**
Total increase/ decrease for the year							**112,066,046**	**0**
% of total	**5,19%**	**98,40%**	**26,98%**	**99,92%**	**4,27%**	**0,92%**	**54,10%**	

Related party disclosures	Advances due to suppliers for non-current assets in progress	Revenue - other income	Financial income	Costs	Financial charges
Coop Adriatica scarl	0	21,435,263	6,814	2,196,061	991,436
Robintur spa	0	171,105	0	30,286	0
Librerie.Coop spa	0	446,821	0	1,440	0
Unicoop Tirreno scarl	0	5,116,487	0	100,313	0
Vignale Comunicazione srl	0	545,016	0	0	0
Ipercoop Tirreno spa	0	2,086,786	0	0	42,968
Ipercoop Sicilia	0	3,340,791	0	0	0
Immobiliare Larice srl	0	123,467	405,379	18,281	0
Millennium Gallery srl	0	2,725,663	227,400	0	0
Porta Medicea srl	7,687,400	188,930	0	0	0
Cons.Forte di Brondolo	0	1,636	0	0	0
Consorzio Proprietari Leonardo	0	0	0	0	0
Consorzio Bricchi	0	363	0	703,998	0
Consorzio Lame	0	255	0	0	0
Consorzio Katanè	0	0	0	133,514	0
Consorzio Conegliano	0	2,417	0	197,255	0
Consorzio Palermo	0	0	0	105,368	0
Winmarkt management srl	0	0	0	0	0
Winmagazine S.a.	0	0	0	0	0
Total	**7,687,400**	**36,185,000**	**639,593**	**3,486,516**	**1,034,404**
Amount reported	**50,185,824**	**89,551,784**	**984,587**	**17,444,968**	**36,119,717**
% of total	**15.32%**	**40.41%**	**64.96%**	**19.99%**	**2.86%**

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A. and Librerie Coop S.p.A.), with companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia.

Related party transactions are conducted under arm's-length conditions and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:
- receivables and income for the leasing of properties used as hypermarkets;
- payables and costs for the rental/use of malls owned by Coop Adriatica;
- payables and costs for Coop Adriatica's supply of services in the areas of: equity and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- security deposits received on leases;
- financial collection and payment transactions in the context of treasury services, until April 2011 only;
- an outstanding loan.

More specifically, new business with Coop Adriatica during the year consisted of:
- purchase of the hypermarket at Conè Shopping Center and retail park in Conegliano and subsequent rental agreement signed in June. The purchase price of €23.5 million, plus taxes and transaction costs, was paid in full by IGD at the closing. Having acquired ownership of the hypermarket, IGD rented the building, with a gross leasable area of 9,500 square meters, back to Coop Adriatica under an 18-year lease. The purchase was subject to the "Procedure for Related Party Transactions" adopted by IGD SIIQ S.p.A. in accordance with Consob Regulation 17221 of 12 March 2010;
- contract regarding the design and creation of a retail park in Chioggia, valid from 1 January 2011 to 31 December 2012, for a total value of €120 thousand.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.
Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the rental of the third floor of the building that houses IGD's head office.
Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets, and the purchase of the hypermarket at La Torre Shopping Center in Palermo.
Transactions with Ipercoop Tirreno consist of:
- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets;

Transactions with Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers. During the year, IGD SIIQ S.p.A. signed three rental agreements with Vignale Comunicazione, for the malls in Conegliano and Asti (valid from 1 March 2011 to 31 December 2011) and the mall in Palermo (1 January 2011 to 31 December 2012.
Transactions with Consorzio Forte di Brondolo concern payables and costs for construction work on the land in Chioggia.
Transactions with Consorzio Proprietari Leonardo, Consorzio Lamè, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred with Consorzio Bricchi, Consorzio Conè, Consorzio La Torre and Consorzio Katanè refer to service charges for vacant units.
Transactions with Group companies consist of loans granted under standard market conditions and technical/administrative service contracts.

Note 39) Management of financial risk

In the course of business, IGD is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Company has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate swaps. The Board of Directors reviews and agrees on policies to manage these risks.

Interest rate risk

The main risk factor is the volatility of interest rates and the effect this has on borrowing and on the investment of liquid funds.
IGD borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.
To hedge interest rate risk, the Company has entered into interest rate swaps covering part of its exposure to rate fluctuations on long-term loans, which allow it to collect an adjustable interest rate in exchange for payment of a fixed rate.
The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model.

Liquidity risk

This refers to problems with liquidity management, insufficient resources to finance the business, and difficulty keeping up with loans or obtaining new credit.
Liquidity is monitored through cash flow planning, and risk is mitigated by the Group's extensive credit lines.
The Finance department uses a financial forecasting tool to monitor expected cash flows over a one-quarter rolling horizon and makes sure there is enough liquidity to operate the business. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.
As for long-term loans, each facility finances a specific project, which minimizes the risk of needing to refinance. Some long-term loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.
Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.
Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation.

Credit risk

Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate this risk, tenants go through a pre-contractual selection process, based on financial standing and earnings prospects. Reviews of potential customers are performed also with the help of external specialists and aim to identify any risk factors for the company.
All customers are asked for bank guarantees and/or security deposits to guarantee fulfillment of their commitments. Throughout the life of the contract, the company monitors compliance on an ongoing basis, and follows internal credit management procedures in the event any problems arise; when the business relationship is secure, measures to assist the tenant may be taken. IGD only deals with well-known, reliable customers and 40.41% of its core revenue is earned from related parties.

Foreign exchange risk

IGD uses the euro as its accounting currency for all purchases and sales.

Capital management

The primary objective of the Group's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value. This is pursued by:

1. keeping the debt/equity ratio at 1.5% or below (the ratio at 31 December 2011 was 1.47%);
2. keeping the loan-to-value ratio under 60% (it was 58.66% at the close of the year).

Note 40) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Fair value hierarchy	31/12/2011	Level
Interest rate swaps - receivables	201,843	2
Interest rate swaps - payables	(22,711,645)	2
Interest rate swaps - net effect	**(22,509,802)**	

The contracts are detailed below:

In detail Contracts	Monte Paschi Finance 4	Aletti Interbanca	BNP Interbanca	MPS 10198433 (now Banca CRF)	MPS 10201705 (now Banca CRF)	Carisbo 902160165	Carisbo 910270202
Nominal amount	18,769,231	21,570,137	21,570,137	21,570,137	21,570,137	11,715,330	21,570,137
Inception date	06/10/06	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09
Maturity	06/10/16	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%

In detail Contracts	MPS 87065 (now Banca CRF)	Aletti Asti	Aletti Guidonia	Carisbo 100540011	Carisbo 1004290251	MPS 92285	MPS Guidonia
Nominal amount	21,570,137	8,250,381	18,211,250	11,000,508	10,785,499	8,250,381	18,211,250
Inception date	28/10/09	28/04/10	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10
Maturity	05/10/21	31/03/24	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%

In detail Contracts	Carisbo Guidonia 1008270304	Carisbo Guidonia 1008300079	MPS 2011 on Mediocre-val loan no. 2711	Carisbo 2011 on CR Veneto loan Mondovì no. 28559790	Carisbo 2011 on Coné mall loan no. 29024749	Carisbo 2011 on Coné mall loan no. 29024753	Aletti on Coné mall loan 2011	Cassa Risp. Firenze new mortgage loan
Nominal amount	18,211,250	18,211,250	17,500,000	29,175,000	23,430,000	9,372,000	14,058,000	40,000,000
Inception date	27/08/10	27/08/10	12/07/11	12/07/11	12/09/11	12/09/11	12/09/11	22/12/11
Maturity	27/03/24	27/03/24	31/03/24	01/11/24	31/12/25	31/12/25	31/12/25	30/09/16
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.30%	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 41) Subsequent events

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

Note 42) Commitments and risks

At 31 December 2011 the Company had the following purchase and sale commitments:

- Agreement for a joint venture with Gam (member of the Despar Italia Group), an unrelated party that develops and manages shopping centers in southern Italy. The new company will own a shopping center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. Under the agreement, IGD will acquire a 50% interest in the owner of the Vibo Valentia shopping center. The due diligence of the company is still in course;
- Preliminary agreement for the purchase from a related party (Porta Medicea S.r.l.) of the retail section of the Centro Multifunzionale in Livorno, for €77 million.

Note 43) Darsena City dispute

Due to the dissolution of the joint venture with Beni Stabili (resulting in the sale of 50% of RGD S.r.l. by Immobiliare Larice) and the joint purchase of the Darsena City shopping center, the IGD Group has a commitment with RGD S.r.l. to assume its share of all income and costs associated with the definitive and preliminary contracts signed on 15 March 2006 and transferred to RGD S.r.l. on 29 March 2007, following the property's change of ownership on 9 March 2007. The companies Partxco S.p.A., Magazzini Darsena S.p.A. and Darsena F.M. S.r.l., the Group's counterparties in the above transaction, are currently facing financial difficulties. Together with RGD S.r.l. (now Beni Stabili SIIQ S.p.A.), the Group has come up with options to protect the parties' mutual interests given the complexity of the agreements and of the receivables outstanding.
As part of the litigation strategy, also taking account of the Mascellani Group's current insolvency, the following steps have been taken:

- regarding recovery of the rent due on the building leased to Magazzini Darsena:
  - **i.** RGD, in the interests of both shareholders, has acted to enforce the rental guarantee on that property in the amount of 3,640K. Likewise, on the entire amount of the unpaid rent, RGD obtained a payment order that was later contested, but reinstated by the court of first instance. The court of appeals then ruled definitively against a challenge to the lower court's ruling and a request to suspend the provisional enforcement of the payment order. Since no further arguments and/or new appeals were filed, the lower

court's ruling became final in February 2012.

ii. The Court of Ferrara is hearing two separate complaints per Art. 447 bis of the Code of Civil Procedure, aimed at forcing Magazzini Darsena S.p.A. and Darsena F.M. S.r.l. to pay, respectively, the rent and the sublease rent on the Centro di Vicinato Darsena City until transfer of the relevant share of the building to IGD. The rulings have been suspended since 6 October 2011 until the judge decides on the preliminary motions.

iii. RGD has obtained authorization to seize all of Magazzini Darsena's and Darsena F.M.'s movable property, real estate and receivables, including from third parties. This interim relief was sought as instrumental to the pending action on the merits for the recognition of claims under the related contracts. Magazzini Darsena and Darsena F.M. made an unsuccessful appeal against the seizure ruling.

iv . IGD has filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding payment of unpaid rent accrued from 1 January 2011 to the present (as specified in the notes). The case is pending and the next appeal is scheduled for 9 July 2012.

v. IGD SIIQ S.p.A. and Beni Stabili, given the ongoing insolvency of the seller Magazzini Darsena, have petitioned the bankruptcy section of the Court of Ferrara (each with respect to its own credit position) to declare the bankruptcy of Magazzini Darsena S.p.A. and Darsena F.M.

- regarding the preliminary and definitive contracts left with RGD, due in part to the dissolution of the JV:
  RGD, now Beni Stabili SIIQ S.p.A., has resorted to the arbitration process provided for in the related contracts, notifying a request for arbitration against Magazzini Darsena, Darsena F.M. and Partxco S.p.A. on 30 May 2011. The purpose of the arbitration is to determine the legitimacy of the price adjustment clause in the contract for the purchase of the Darsena City Shopping Centerand calculate the amount of said adjustment, and to confirm the obligation of Magazzini Darsena and the joint obligation of Darsena F.M. and the parent company Partxco to pay future rent and the penalty that has accrued for late delivery of an additional section of the shopping center. The arbitration board was formed on 13 December 2011 and the deadline for the filing of the arbitration award is 12 November 2012.

Note 44) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings; as mentioned in earlier reports, one recommendation of the auditors was to revalue closing inventories for about €645K.
As for the assessment regarding inventories, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified the inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 has been rejected.
In September 2011 the Company appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.

Note 45) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:
- Financial assets measured at fair value through profit and loss: at 31 December 2011 the Company had no financial instruments in this category.
- Held to maturity investments: the Company has no financial instruments belonging to this category.
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Company has no financial instruments belonging to this category.

There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Group's financial instruments are included in the statement of financial position as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The financial statement items are classified below according to the categories required by IAS 39 at 31 December 2011 and 31 December 2010:

Classification 31/12/2011	Carrying value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amorti-zed cost	Hedging instruments	Total	of which: current	of which: non-current	
ASSETS											
Sundry receivables and other assets											
- equity investments			184,802,048					184,802,048		184,802,048	184,802,048
- down payment for purchase of shares			-					-			-
- due from others			3					3		3	3
- security deposits			27,724					27,724		27,724	27,724
- Beneficial interest			1,907,345					1,907,345		1,907,345	1,907,345
Financial assets			**201,843**					**201,843**		**201,843**	**201,843**
Trade and other receivables								**-**			**-**
- trade receivables			8,315,030					8,315,030	8,315,030		8,315,030
- due from others								-			-
- other receivables								-			-
- advances paid to suppliers								-			-
Related party trade and other receivables								**-**			**-**
- parent			8,513					8,513	8,513		8,513
- subsidiaries								-			-
- other related parties			341,039					341,039	341,039		341,039
Other assets								**-**			**-**
- monthly advances								-			-
- due from insurers			900					900	900		900
- accrued income and prepayments			345,036					345,036	345,036		345,036
- Other			355,258					355,258	355,258		355,258
Financial assets for interest rate swaps							**201,843**	**201,843**	**201,843**		**201,843**
Financial receivables and other financial assets								**-**	**-**		
- other related parties			17,034,187					17,034,187	17,034,187		17,034,187
- subsidiaries								-	-		-
- parent			-					-	-		-
- other financial assets			277,819					277,819	277,819		277,819
Cash and cash equivalents								**-**	**-**		**-**
- cash and cash equivalents at banks, financial institutions and post offices			2,807,903					2,807,903	2,807,903		2,807,903
- cash on hand			39,058					39,058	39,058		39,058
Total financial assets	**-**	**-**	**216,463,706**	**-**	**-**	**-**	**201,843**	**216,665,549**	**29,726,586**	**186,938,963**	**216,665,549**
Liabilities											
Financial liabilities											
- financial liabilities for interest rate swaps							22,711,645	22,711,645		22,711,645	22,711,645
- due to banks						106,060,122		106,060,122	106,060,122		106,060,122
- due to other sources of finance						6,842,181		6,842,181		6,842,181	6,842,181
- leasing						5,984,684		5,984,684	266,083	5,718,601	5,869,579
- convertible bond						219,531,972		219,531,972	66,164	219,465,808	213,496,253
- mortgage loans with banks						543,795,991		543,795,991	31,961,523	511,834,468	453,664,519
Related party financial liabilities								**-**			**-**
- to subsidiary						-		-			-
- to parent						40,389,739		40,389,739	25,389,539	15,000,200	40,389,739
Sundry payables and other liabilities											**-**
- accrued liabilities and deferred income						-		-			-
- down payment								-			-
- other liabilities						10,713		10,713		10,713	10,713
Related party sundry payables and other liabilities											**-**
- parent						9,322,241		9,322,241		9,322,241	9,322,241
- other related parties						3,448,424		3,448,424		3,448,424	3,448,424
Trade and other payables						**4,915,849**		**4,915,849**	**4,915,849**		**4,915,849**
Related party trade and other payables								**-**			**-**
- parent						1,854,885		1,854,885	1,854,885		1,854,885
- subsidiaries								-			-
- other related parties						801,832		801,832	801,832		801,832
Other liabilities											**-**
- accrued liabilities and deferred income						-		-			-
- insurance						11,000		11,000	11,000		11,000
- security deposits received						2,244,981		2,244,981	2,244,981		2,244,981
- other liabilities						231,108		231,108	231,108		231,108
Related party other liabilities						**18,435**		**18,435**	**18,435**		**18,435**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**945,464,158**	**22,711,645**	**968,175,803**	**173,821,522**	**794,354,281**	**871,893,506**

Classification 31/12/2010	Book value										
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	Fair value
Assets											
Sundry receivables and other assets											
- equity investments			184,803,321					184,803,321		184,803,321	184,803,321
- Beneficial interests			3,785,151					3,785,151		3,785,151	3,785,151
- due from others			3					3		3	3
- security deposits			26,745					26,745		26,745	26,745
Financial assets								-			-
Trade and other receivables								-			-
- trade receivables			8,178,300					8,178,300	8,178,300		8,178,300
- due from others								-			-
- other receivables								-			-
- advances paid to suppliers								-			-
Related party trade and other receivables								-			-
- parent			19,430					19,430	19,430		19,430
- subsidiaries								-			-
- other related parties			497,668					497,668	497,668		497,668
Other assets								-			-
- monthly advances								-			-
- due from insurers			17,361					17,361	17,361		17,361
- accrued income and prepayments			280,100					280,100	280,100		280,100
- Other			257,629					257,629	257,629		257,629
Financial assets for interest rate swaps							**4,379,823**	**4,379,823**		**4,379,823**	**4,379,823**
Financial receivables and other financial assets								**-**			
- other related parties								-			-
- subsidiaries			19,220,932					19,220,932	19,220,932		19,220,932
- parent			11,481					11,481	11,481		11,481
- other			6,001,485					6,001,485	6,001,485		6,001,485
Cash and cash equivalents								-			-
- cash and cash equivalents at banks, financial institutions and post offices			22,861,960					22,861,960	22,861,960		22,861,960
- cash on hand			38,640					38,640	38,640		38,640
Total financial assets	**-**	**-**	**246,000,206**	**-**	**-**	**-**	**4,379,823**	**250,380,029**	**57,384,986**	**192,995,043**	**250,380,029**
Liabilities											
Financial liabilities											
- financial liabilities for interest rate swaps							9,821,279	9,821,279		9,821,279	9,821,279
- due to banks						55,046,006		55,046,006	55,046,006		55,046,006
- due to other sources of finance						30,677,568		30,677,568	23,000,000	7,677,568	13,465,583
- leasing						6,242,282		6,242,282	257,598	5,984,684	5,853,352
- convertible bond						214,708,310		214,708,310	66,164	214,642,146	227,821,055
- mortgage loans with banks						538,663,246		538,663,246	45,106,476	493,556,770	451,265,533
Related party financial liabilities								-			-
- due to subsidiary						-		-			-
- due to affiliate (TCA)						18,849,746		18,849,746	3,849,546	15,000,200	18,849,746
Sundry payables and other liabilities											-
- accrued income and prepayments						-		-			-
- down payment								-			-
- other						86,337		86,337		86,337	86,337
Related party sundry payables and other liabilities											-
- parent						8,532,241		8,532,241		8,532,241	8,532,241
- other related parties						3,405,457		3,405,457		3,405,457	3,405,457
Trade and other payables						**11,565,801**		**11,565,801**	**11,565,801**		**11,565,801**
Related party trade and other payables								**-**			**-**
- parent						4,758,593		4,758,593	4,758,593		4,758,593
- subsidiaries								-			-
- other related parties						181,082		181,082	181,082		181,082
Other liabilities											-
- accrued liabilities and deferred income						-		-			-
- insurance						8,000		8,000	8,000		8,000
- security deposits received						3,438,276		3,438,276	3,438,276		3,438,276
- other						88,789		88,789	88,789		88,789
Related party other liabilities						**14,484**		**14,484**	**14,484**		**14,484**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**896,266,218**	**9,821,279**	**906,087,498**	**147,380,815**	**758,706,682**	**814,201,614**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.
To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2011 a credit spread of 3.50% was applied (1.5% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral given	Book value	
	31/12/2011	31/12/2010
Security deposits		
- Sundry receivables and other assets	27,724	26,745
- Other current assets		

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	31/12/2011	31/12/2010
Opening balance	3,541,151	3,054,372
Transfers		
Allocations		
- for individual writedowns	3,137,528	592,872
Utilizations	-924	-106,093
Impairment reversals		
Other movements		
Total	**6,677,755**	**3,541,151**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€12,426,975 in 2011 and to +€566,149 in 2010.

Income statement 31/12/2011 Net gain (loss)	Book value						
	Financial assets/liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Loans and receivables	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							-5,732,137
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
Losses from impaired financial instruments							
- Trade receivables			-3,137,528				
Total	**-**	**-**	**-3,137,528**	**-**	**-**	**-**	**-5,732,137**

Income statement 31/12/2010 Net gain (loss)	Book value						
	Financial assets/liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Loans and receivables	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							-6,126,273
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
Losses from impaired financial instruments							
- Trade receivables			-592,872				
Total	**-**	**-**	**-592,872**	**-**	**-**	**-**	**-6,126,273**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest Income	2011	2010
Interest income on financial assets not measured at fair value		
- Deposits	129,516	171,930
- Sundry receivables and other assets	42,996	2,000
- From parent	6,814	16,505
- From affiliates	632,779	530,138

Interest expense	2011	2010
Interest expense on financial assets not measured at fair value		
- Security deposits	176,568	113,344
- Deposits	2,216,180	616,621
- Trade and other payables		
- Sundry payables and other liabilities	261,578	340,033
- To parent	857,836	286,300
- To affiliates	-	1,237
- Financial liabilities		
- Convertible bond	12,873,662	12,647,694
- Leasing	179,638	150,861
- Mortgage loans	13,822,118	8,564,045
- Interest capitalized	-	-1,101,297

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counter-party's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.
The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although on the balance sheet they are included under "financial assets."
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	31/12/2011	31/12/2010
Loans and receivables		
Sundry receivables and other assets	27,727	26,748
Trade and other receivables	8,315,030	8,178,300
Related party trade and other receivables	349,552	517,098
Other assets	701,194	555,090
Cash and cash equivalents	2,807,903	22,861,960
Financial receivables and other financial assets	17. 312,006	25,233,898
Due from third parties (securities)		
Hedging instruments	**201,843**	**4,379,823**
Guarantees		
Total	**29,715,225**	**61,752,917**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value,
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2011 Liabilities	On sight	< 3 months	3 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non-derivative financial instruments								
Trade and other payables								
Mortgage loans	4,434,721	3,944,673	10,021,329	34,575,593	35,736,733	177,210,488	282,757,388	548,680,925
Leasing	26,851	52,515	80,598	166,612	361,969	1,296,962	7,674,270	9,659,777
Convertible bond			4,025,000	4,025,000	238,050,000			246,100,000
Short-term credit lines	162,878	67,488						230,366
Other liabilities								
Related party payables	24,017,189							24,017,189
Sureties								
Commitments and risks								
Total	**28,641,640**	**4,064,676**	**14,126,927**	**38,767,205**	**274,148,702**	**178,507,450**	**290,431,658**	**828,688,257**
Derivative financial instruments								
Interest rate swaps	791,780	574,866	1,942,576	3,937,141	7,629,997	11,350,986	-1,439,210	24,788,135
Total	**791,780**	**574,866**	**1,942,576**	**3,937,141**	**7,629,997**	**11,350,986**	**-1,439,210**	**24,788,135**
Exposure at 31 December 2011	**29,433,420**	**4,639,542**	**16,069,503**	**42,704,345**	**281,778,699**	**189,858,436**	**288,992,448**	**853,476,392**

Maturity analysis at 31/12/2010 Liabilities	On sight	< 3 months	3 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non-derivative financial instruments								
Trade and other payables								
Mortgage loans	3,480,497	3,416,368	16,944,932	20,040,360	41,014,147	124,072,214	317,411,730	526,380,249
Leasing	19,921	40,202	60,314	121,332	239,336	638,042	2,518,584	3,637,732
Convertible bond					5,829,861	235,845,833		241,675,694
Short-term credit lines	14,795	32,400						47,195
Other liabilities								
Related party payables								
Sureties								
Commitments and risks								
Total	**3,515,212**	**3,488,970**	**17,005,246**	**20,161,692**	**47,083,344**	**360,556,090**	**319,930,315**	**771,740,870**
Derivative financial instruments								
Interest rate swaps	1,154,315	408,480	2,153,643	3,303,805	5,002,421	2,005,307	-9,814,909	4,213,062
Total	**1,154,315**	**408,480**	**2,153,643**	**3,303,805**	**5,002,421**	**2,005,307**	**-9,814,909**	**4,213,062**
Exposure at 31 December 2010	**4,669,527**	**3,897,450**	**19,158,889**	**23,465,498**	**52,085,765**	**362,561,397**	**310,115,406**	**775,953,932**

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.

Floating-rate instruments expose the Company to interest rate risks on cash flows, while fixed-rate instruments expose it to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7. The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - Exposure and sensitivity analysis	Benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
Interest-bearing assets	Euribor	128,349	253,707	-100,270	-126,853				
Hot money	Euribor	-1,055,132	-126,667	527,566	63,333				
Floating rate financial liabilities	Euribor	-5,456,674	-5,256,286	2,728,337	2,628,143				
Derivatives	Euribor								
- cash flow		3,753,972	3,375,311	-1,876,986	-1,687,656				
- fair value						22,686,979	17,160,185	-9,178,361	-9,011,593
Total		**-2,629,485**	**-1,753,934**	**1,278,647**	**876,968**	**22,686,979**	**17,160,185**	**-9,178,361**	**-9,011,593**

The assumptions underlying the sensitivity analysis are as follows:
- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial shift in the interest rate curve was assumed to be +100/-50 basis points, unchanged since 2010;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant;
- for the sake of comparison, the same measurement was conducted on 2011 and 2010.

The method used to analyze and determine significant variables has not changed since the previous year.

6.7 MANAGEMENT AND COORDINATION

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.
Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	2010	2009
Balance sheet (per civil code art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,560,130,738	1,476,450,998
C) - current assets	2,016,052,780	1,868,932,892
D) - accrued income and prepayments	10,628,784	10,439,544
Total assets	**3,586,812,302**	**3,355,823,433**
Equity and liabilities		
A) - net equity	866,010,272	838,814,233
B) - general provisions	25,928,171	30,598,678
C) - provision for employee severance indemnities	73,604,452	75,794,840
D) - payables	2,616,858,385	2,407,813,018
E) - accrued liabilities and deferred income	4,411,021	2,802,665
Total equity and liabilities	**3,586,812,302**	**3,355,823,433**
Memorandum accounts	**417,408,114**	**447,390,003**
Income statement (per civil code art. 2425)		
A) - production value	2,044,327,882	1,949,248,770
B) - production costs	-2,046,447,674	-1,942,715,044
C) - financial income and charges	52,127,423	48,866,295
D) - adjustments to the value of financial assets	-27,480,172	-18,424,466
E) - extraordinary income and charges	23,201,972	6,420,662
Income taxes	-18,087,017	-14,235,516
Net profit	**27,642,414**	**29,160,702**

6.8 INFORMATION PURSUANT TO ART. 149 *DUODECIES* OF THE CONSOB LISTING RULES

The following chart, prepared in accordance with Art. 149 duodecies of the Consob Listing Rules, shows the fees pertaining to 2011 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(in €/000)	Service provider	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	112,664
Other services	Ernst & Young Financial-Business Advisors S.p.A.		67,000
Total			**179,664**

6.9 CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:
   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with

     the administrative and accounting procedures for the preparation of the separate financial statements during the year 2011.

2. We also confirm that:

   2.1. the separate financial statements:
   - a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
   - b) correspond to the ledgers and accounting entries;
   - c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ S.p.A.;

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of IGD SIIQ S.p.A., along with a description of the main risks and uncertainties to which it is exposed.

Bologna, 8 March 2012

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

6.10 ATTACHMENTS

CERTIFICATION PURSUANT TO ART. 37

Consob Resolution 16191/2007

in accordance with Art. 2.6.2 of the Regulations for Markets
Organized and Managed by Borsa Italiana S.p.A.

Resolved by the shareholders of Borsa Italiana on 10 September 2009
and approved by Consob with Resolution 17467 of 7 October 2009

Pursuant to Article 2.6.2 of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., it is hereby declared that Immobiliare Grande Distribuzione SIIQ S.p.A., under the management and control of Coop Adriatica S.c.a.r.l., meets the listing conditions stated in Art. 37 of Consob Resolution 16191/2007 (as amended).

8 March 2012

Gilberto Coffari
Chairman of the Board of Directors

List of equity investments

Name	Registered office	Share capital (in EUR) (*)	Net profit (loss) (in EUR) (*)	Net equity (in EUR) (*)	% held	Control	Number of shares/ quotas	Carrying value (in EUR)
Immobiliare Larice s.r.l.	Ravenna Via Villa Glori 4	75,071,221	507,526	179,150,924	100%	IGD SIIQ S.p.A.	75,071,221	170,183,477
Millennium Gallery s.r.l	Ravenna Via Villa Glori 4	100,000	-754,029	426,337	100%	IGD SIIQ S.p.A.	100,000	14,313,025
WinMagazin S.A.	Bucarest Romania	31,128	1,419,651	41,523,203	0.10%	IGD SIIQ S.p.A.	31	185,618
Consorzio I Bricchi	Isola d'Asti loc. Molini Via Prato boschiero	6,000	0	6,000	72.25%	IGD SIIQ S.p.A.	4,335	4,335
Consorzio Forte di Brondolo	Castenaso (Bologna) Via Villanova 29/7	67,179	0	67,179	100.00%	IGD SIIQ S.p.A.	50,915	55,319
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	100,000	0	100,000	52%	IGD SIIQ S.p.A.	52,000	52,000
Other minor investments						IGD SIIQ S.p.A.		8,274

(*) per separate financial statements of the subsidiaries

6.11 EXTERNAL AUDITORS' REPORT

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 24 March 2011.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. for the year then ended.

4. As required by the law, the Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., does not cover such selected data.

5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Directors' Report and the specific section Report on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l),

m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2011.

Bologna, Italy
23 March 2012

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

2

6.12 REPORT OF THE BOARD OF STATUTORY AUDITORS

IMMOBILIARE GRANDE DISTRIBUZIONE

SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.p.A.

Registered Office Via Agro Pontino 13, 48100 Ravenna, Italy

REA 88573 Company Register no. 00397420399

Share capital approved: € 392,855,256.00, €309,249,261.00 paid-in

Company under the management and control of Coop Adriatica S.c.a.r.l.

Statutory auditors' report to the Shareholders' Meeting of IGD Immobiliare Grande Distribuzione Società di investimento immobiliare quotata (SIIQ) S.p.A. pursuant to Art. 153 of Legislative Decree 58/1998 and Art. 2429 of the Italian Civil Code

* * * * *

Dear Shareholders,

of Immobiliare Grande Distribuzione Società di investimento immobiliare quotata S.p.A. (IGD SIIQ SPA), we would first like to remind you that:

- Art. 153 of Legislative Decree 58 of 24 February 1998 requires the Board of Statutory Auditors to report to the general meeting called to approve the year-end financial statements on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct, and allows it to make recommendations concerning the financial statements and their approval.

* * * * *

From the date of our appointment through the preparation of this report, we have proceeded with the control and supervisory activities assigned to us by law. These activities have been carried out in compliance with the "Standards of conduct for the Board of Statutory Auditors" recommended by the Italian Accounting Profession and with other instructions issued by Consob (the stock market regulator) on the subject of corporate control. During the year the Board of Statutory Auditors received the information necessary to fulfil its duties through meetings with corporate bodies; at meetings of the Board of Directors which the statutory auditors always attended; through the exchange of information with the external auditors Reconta Ernst & Young S.p.A. and the Internal

Audit division; and by attending the meetings of the Internal Control Committee, the Supervisory Board, the Compensation Committee and the Committee for Related Party Transactions.

During the year, in a timely manner, the Board of Directors informed us of the activities of the company, of those transactions with a major impact on its balance sheet, income statement and financial position, of those transactions presenting a potential conflict of interest (i.e. intercompany transactions or transactions with related parties), of any unusual or atypical transactions and any other activity or transaction which was deemed necessary to include in this report.

More specifically, this report describes our activities in accordance with instructions issued by Consob and the Italian Stock Exchange.

As was the case in last year's report, we have essentially followed the format and numbering specified in the relative Consob bulletin.

1 - DESCRIPTION OF TRANSACTIONS WITH A MAJOR IMPACT ON THE COMPANY'S BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION.

On the basis of the information received and on our analyses and verifications, the following were singled out as the transactions with a major impact on the company's balance sheet, income statement and financial position, carried out either directly or through direct/indirect affiliates.

Corporate actions

- On 7 February 2011 the shareholders Coop Adriatica scarl and Unicoop Tirreno Società Cooperativa , who hold 41.497% and 13.642% of the share capital, respectively, renewed the agreement which establishes a syndicate and voting block. The Agreement involves 170,516,129 ordinary shares or 55.140% of the company's share capital (the "Syndicated Shares"), of which 157,713,123 or 51% of the share capital are bound by a voting block (the "Block Shares"). The agreement will expire on 30 June 2012.
- On 20 April 2011 the shareholders, approved: i) in ordinary session, the proposal to amend articles 2,11,12 and 18 of the Regulations for Shareholder Meetings in order to comply with the changes introduced to TUF in Legislative Decree n. 27 of 27 January 2010 relating to shareholder rights, ii) in extraordinary session, the proposal to amend to Articles 13 and 22 of the corporate bylaws in order to comply with changes introduced to TUF pursuant to the above mentioned Legislative Decree n. 27/2010. Further amendments were made to the

corporate by-laws in order to comply with Consob's recent regulations governing transactions with related parties.

Investments - IGD SIIQ Spa

- On 15 March 2011 the contract for the purchase of a business found in the mall of the "Gran Rondò'" Shopping Center in Crema for €4.9 million, in addition to accessory charges. Management began on 1 April 2011.
- On 24 March 2011 two properties were purchased in Chioggia, next to existing properties where the future Chioggia Retail Park is to be constructed for a total of €3.7 million, in addition to accessory charges The urban works relative to these plots of land have already been paid for.
- On 11 April 2011 a real estate complex located in the historic heart of Bologna was purchased for €25 million, in addition to accessory charges. This acquisition is in line with the new corporate strategy, the "City Center Project", included in the Business Plan.
- On 28 April 2011 and 27 October 2011 two separate contracts were executed for the purchase of two floors of a building where the company's headquarters are located for a total of € 6.8 million in addition to accessory charges. Following these acquisitions, the company now owns the entire building located in the business park in Bologna.
- On 27 June 2011 a contract was executed for the purchase of a business division which manages a multiplex cinema, as well as a bar, inside the Centro Sarca Shopping Center, for €3.5 million, in addition to accessory charges.
- On 30 June 2011 both the contract for the purchase of the hypermarket found in the "Conè" retail park was signed, as well as the contract to subsequently lease the property to Coop Adriatica S.c.r.l.., for a total cost of € 23.5 million, in addition to accessory charges. This transaction, as it was completed with a majority shareholder, was first reviewed by the Committee for Related Party Transactions. Following this acquisition, the company now owns the entire "Coné" Shopping Center and Retail Park.
- On 12 July 2011 both the contract for the purchase of the hypermarket found in the "La Torre" Shopping Center in Palermo, as well as the contract to subsequently lease the property to Ipercoop Sicilia Spa, were signed. The total acquisition cost amounted to €36 million, in addition to accessory charges.

The company now owns the entire "La Torre" Shopping Center.

- On 20 December 2011 a framework agreement was stipulated with the municipality of San Giovanni Teatino relating to urban planning and the expansion of the "Centro d'Abruzzo" Shopping Center. The total cost for the land and the urban works reached €5.4 million.

Investments subsidiaries: Livorno Porta Medicea Srl

- The restructuring of part of Palazzo Orlando was completed which represents the first phase of the Livorno seaport renewal project. The requalification works continued throughout 2011 and are still underway.

  On 14 February 2011 a first portion of Palazzo Orlando was sold generating revenue of €1.7 million.

* * *

The Board of Statutory Auditors, to the extent of its responsibility, has verified that the transactions described above were conducted in compliance with the law, the bylaws and the standards of proper and correct administration and that said transactions were not manifestly imprudent or hazardous, in violation of shareholder or Board of Director resolutions, or liable to compromise the company's financial soundness. The Directors provided complete and timely information about the corporate transactions, while also explaining the company's interest in undertaking said transactions.

Toward this end, the Board of Statutory Auditors acknowledges that at 31 December 2011 the company IGD SIIQ SpA still complied with the subjective, statutory, and objective requirements called for under the special SIIQ or società di investimento immobiliare quotate (REIT or real estate investment trust) regime introduced in Art. 1 of Law n. 296 of 27 December 2006 – the 2008 budget law – as well as Art. 3 of Ministerial Decree n.174 of 7 July 2007. On 20 April 2011 the Company's shareholders approved payment of a dividend of € 0.075 per share totalling € 22.3, an amount which is not less than 85% of the rental income, in accordance with the laws regulating REITs.

2. UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING TRANSACTIONS WITH OTHER GROUP COMPANIES AND RELATED PARTIES.

The Board of Statutory Auditors found that no unusual or atypical transactions were carried out in 2011 or up to this writing, with third or related parties (including group companies).

Ordinary intercompany and related party transactions were conducted under normal market conditions, and are described in the Directors' Report in terms of both type and financial and economic impact.

When considered necessary the Board of Directors passed specific resolutions in relation to intercompany and/or related party transactions which, if deemed opportune, were subject to approval by the Committee for Related Party Transactions who obtained opinions from independent experts if the transaction was of a significant size or the market value was not overly clear.

As part of its controls, the Board of Statutory Auditors valued the above-mentioned transactions based on the amounts and business practices held to be in the company's best interest.

We view the methodology used as trustworthy and believe it provides timely and complete information.

3. EVALUATION OF THE INFORMATION PROVIDED BY THE DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTERCOMPANY AND RELATED PARTY TRANSACTIONS.

In 2011 the directors periodically provided adequate and complete information about their activities, transactions with a significant impact on the business and on operations, and transactions with other group companies and/or related parties. They declared that no unusual and/or atypical transactions with third parties or other group companies had occurred, as defined by CONSOB .

4. THE EXTERNAL AUDITORS' REPORT.

The financial audit reports issued by the external auditors did not contain any qualifications or complaints regarding the quality and completeness of information, or any reservations, complaints or observations regarding specific shortcomings or problems with internal control and administrative procedures that might substantively affect the reliability, fairness and completeness of the information and figures examined during the financial audit.

On 23 March 2012 the external auditors, Reconta Ernst & Young SpA, issued their report pursuant to Articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010 which provides a positive opinion of the separate and consolidated financial statements, confirming that these documents were prepared in compliance with the law and generally accepted accounting standards and that they correctly and truthfully represent the company's financial position and performance.

The report contains no observations and/or complaints about the nature of the information, or reservations as to the reliability of the bookkeeping and/or accounting system, which appear to be adequate and to meet the company's needs.

5. INAPPROPRIATE CONDUCT AND ACTIONS TAKEN UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE

In 2011 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

6. COMPLAINTS RECEIVED AND ACTIONS TAKEN.

In 2011 and up to this writing, the Board of Statutory Auditors did not receive any reports or complaints from shareholders; nor is it aware that the company received any reports or complaints from shareholders and/or third parties, hence no actions were taken in this regard.

7. ADDITIONAL ASSIGNMENTS GRANTED TO THE EXTERNAL AUDITORS AND THEIR COSTS.

Please note that on 22 April 2010, per our favorable opinion, shareholders approved an adjustment to the fees to be paid Reconta Ernst & Young S.p.A., for the ongoing audit of the parent company and consolidated financial statements through 2012. The fees matured for these activities in 2011 amounted to €113 thousand, including expenses and Consob charges.

The Company also engaged Ernst & Young Financial Business Advisor Spa to assist in both the preparation and implementation of the business plan, which is still underway, and in the definition of the ERM – Enterprise Risk Management project, which has come to an end. The fees matured in 2011 for these activities amounted to, respectively, €40 thousand and € 27 thousand.

The financial audit of the Romanian subsidiaries was performed by Ernst & Young Srl which received fees of €42 thousand for completing the assignment.

In 2011 Reconta Ernst & Young S.p.A. also received €33 thousand for the audit of subsidiaries: Immobiliare Larice Srl; Millennium Gallery Srl, and PortaMedicea Srl.

8. ASSIGNMENTS GRANTED TO COMPANIES AFFILIATED WITH THE EXTERNAL AUDITORS AND THEIR COSTS.

The Board of Statutory Auditors is not aware of any assignments made in 2011 to companies connected to the financial audit company Reconta Ernst & Young S.p.A. on a continuous basis.

9. OPINIONS ISSUED AS PROVIDED FOR BY LAW IN 2011

In 2011 and up to this writing, the Board of Statutory Auditors did not issue any opinions as provided for by law.

The only opinions of which the Board of Statutory Auditors is aware are those requested by the company from independent experts and/or consulting firms regarding compliance with fiscal and legal provisions, including in light of the SIIQ regime, as well as appraisals of fixed assets.

10. FREQUENCY AND NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS.

In the interests of thorough disclosure, we report the number of meetings held by the above mentioned bodies in 2011:

- The Board of Directors met more often than as indicated in the financial calendar, for a total of 7 meetings.
- The Board of Statutory Auditors met more frequently than required by law (every ninety days). The statutory auditors met on 8 times in 2011. These meetings include those held under Art. 2404 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Art. 2429 (2) of the Italian Civil Code The Board of Statutory Auditors also attended the

meetings of the Board of Directors, the annual general meeting, as well as the meetings of the: i) Internal Control Committee, ii) Committee for Related Party Transactions, iii) the Supervisory Board and iv) the Compensation Committee. The Statutory Auditors also attended meetings with company management, the external auditors and Internal Audit.

11. OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION.

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's bylaws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the directors' report. Regarding the directors' activities and actions, we have nothing to report, nor does any other corporate body invested with specific duties of control. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections, information received from department heads, and meetings with the Financial Reporting Officer, Internal Audit, the Internal Control Committee, the Committee for Related Party Transactions, and the Supervisory Board, as well as through information exchanged with the external auditors. More in detail, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's bylaws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

12. COMMENTS ON THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors also verified and monitored, to the extent of its responsibility, the adequacy and proper functioning of the company's organizational structure.

In order to meet the company's needs, due in part to the growth of the business, the organizational structure was modified during the year. We have no comments nor anything to report regarding the company's organizational structure. We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and business processes, having acknowledged the constant improvements sought in connection with the company's growth and business needs, and its ongoing efforts to strengthen and refine procedures.

The organization and services, both internal and outsourced, were found to be adequate and in compliance with the law and to guarantee correct, effective and efficient operations.

13. COMMENTS ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM

The Board of Statutory Auditors evaluated and verified the adequacy of the internal control system including through periodic meetings with (i) the financial reporting officer, (ii) Internal Audit, (iii) the Internal Control Committee, (iv) the Supervisory Board; v) the head external auditor, as well as through documentation provided by the company and discussions with top management, and has nothing to report in this regard.

The internal control activities were outsourced to a company specialized in this area which periodically reported to the Board of Statutory Auditors, the Internal Control Committee, and the Supervisory Board on its actions and progress, mentioning specific operational needs wherever necessary and recommending the most appropriate means of implementing the Plan of Work.

The Internal Audit activities were focused primarily on traditional forms of audit involving the updating of internal procedures, including implementation of the Organizational Model pursuant to Legislative Decree 231/01 and the procedures adopted by the financial reporting officer .

Internal Audit reported periodically to the Internal Control Committee and the Board of Statutory Auditors on its activities, on recommendations made, and on plans for the new year, already submitted to the designated officers.

The Internal Control Committee prepared a report on its activities in 2011.

Based on the controls performed and the information obtained during periodic meetings with the Internal Control Committee, Internal Audit, the external auditors and the financial reporting officer, and on comments received from the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system adequately meets the company's needs and is reliable, timely, and able to manage information correctly, enabling an accurate analysis of business trends and performance.

Data and documentation related to the proposed agendas of the Board of Directors meetings and the various committee meetings was provided ahead of time in the most efficient and discrete way possible.

14. COMMENTS ON THE ADMINISTRATIVE - ACCOUNTING SYSTEM AND ITS ABILITY TO PROVIDE A FAIR REPRESENTATION OF PERFORMANCE

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of the most significant company documentation, examination of the reports provided by the external auditors Reconta Ernst & Young S.p.A.. The administrative-accounting system was found to be adequate and to have met the needs of the new initiatives implemented during 2011 in pursuit of business growth.

The external auditors tested the accounting and administrative procedures and found these to be reliable. They also verified that the accounting records of operations were correct and that the information and accounting standards used to prepare the parent company and consolidated financial statements were complete, and had no complaints or observations in this regard.

Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 *bis* of the Italian Civil Code, which are assigned to the external auditors, we found on the basis of information received and inspections made pursuant to Civil Code Articles 2403 *et seq.* that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.

15. COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998

The Board of Statutory Auditors verified the adequacy of the information provided by the company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.

With regard to close functional and operational ties and the presence of contact people at the subsidiaries, the company guarantees a correct and adequate flow of information supported by suitable documentation and accounting records.

The company is, therefore, able to fulfil all reporting requirements related to significant events and consolidation provided for by law.

The company is fully able to exercise management and coordination of its subsidiaries as expressly contemplated by law.

16. COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditors Reconta Ernst Young S.p.A., verified compliance with all current laws and regulations regarding the preparation and drawing up of the separate and consolidated financial statements as well as the accompanying Directors' Report.

The statutory auditors met with the external auditors responsible for both the accounting controls under Art. 2409 *bis* of the Italian Civil Code and the audit of the consolidated and separate financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.

During these meetings the external auditors reported no irregularities, problem areas or omissions in the company's accounts. On these occasions we informed the external auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

17. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies, through the adoption of its own Corporate Governance regulations, with the standards and recommendations included in the Corporate Governance Code published by the *Borsa Italiana's* Committee for the Corporate Governance of Listed Companies in order to regulate, in accordance with laws and regulations, the composition, responsibilities and role of the corporate bodies in charge of the company's management.

The Board of Directors has not yet adhered to the new version of the Corporate Governance Code issued by Borsa Italiana's Corporate Governance Committee last December due to the imminent expiration of the Board of Directors' three year mandate.

The Board of Directors, elected by the annual general meeting of 23 April 2009 on the basis of the voting lists presented by the shareholders, is comprised of fifteen members of whom fourteen are non-executive and eight of which still qualify as independent. The Board of Directors has appointed the following committees from among its members:

- Internal Control Committee: comprised of three non-executive directors, of whom two are independent. In 2011 the committee held meetings with continuity and in keeping with operational needs. It met five times during the year. Meetings of the Internal Control Committee are attended by the chairman of the Board of Statutory Auditors or by another designated statutory auditor;
- Supervisory Board: comprised of three independent directors. In 2011 it met as appropriate to the company's needs, for a total of five meetings, attended by the chairman of the Board of Statutory Auditors or another designated statutory auditor. The committee works with the Internal Audit on monitoring and limiting risk exposure;
- Compensation Committee: comprised of three independent directors. In 2011 it held seven meetings. The chairman of the Board of Statutory Auditors was also invited to attend these meetings;
- Chairman's Committee: comprised of five directors: the chairman, the vice chairman and the chief executive officer, in addition to one independent director and one non-executive director. In 2011 it held five meetings;
- Nominations Committee: comprised of three independent directors. It met two times in 2011 and expressed its opinion regarding the directors and managers of the company's subsidiaries;
- Committee for Related Party Transactions: The committee is comprised of three independent directors and held three meetings in 2011. The chairman of the Board of Statutory Auditors or another designated statutory auditor was also invited to attend these meetings.

With regard to independent directors, please note that in 2007 the company introduced the title of

"Lead Independent Director" to act as the reference person and coordinator for all positions and activities involving the independent directors, with a view to fostering their greater autonomy from management.

The Lead Independent Director may also call meetings of the independent directors only to discuss topics related to the company's operations or the functioning of the Board of Directors.

The Board of Directors also hired, as it has done since 2007, Egon Zehnder International S.p.A., headquartered in Milan, to perform a "board review". The purpose of this review is the yearly assessment of the size, composition and functioning of the Board of Directors and its committees. The results were contained in a report that was presented to and discussed by the Board on 8 March 2012. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its committees.

At the end of the above discussion, and after having verified operations during the year, the Board of Statutory Auditors expressed a positive opinion of the Company's corporate governance.

18. CLOSING REMARKS

Dear Shareholders,

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, and the external auditors cooperated with us fully during our supervisory activities.

We have found no omissions, inappropriate conduct, imprudent transactions, or irregularities worthy of mention, thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.

The Directors' Report also contains information about the compensation policy and the remuneration paid to the Board of Directors, Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities, as well as information about the shares held by the latter in the company. We have no comments to make in this regard.

19. PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

Having seen and acknowledged the financial statements for the year ended 31 December 2011, the Board of Statutory Auditors has no objections to the Board of Directors' proposal for allocation of the net profit, including in light of the rule (Law 296/07) by which companies with SIIQ status must pay a dividend of at least 85% of the profit from "tax-exempt" income.

More in detail, we refer to the following items of the agenda discussed at the annual general meeting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Ordinary session

First item – Separate financial statements at 31.12.2011; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2011; allocation of the net profit for the year; report on compensation in accordance with Art. 123-*ter*, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions.

- We recommend that you approve the financial statements at 31 December 2011 and the Board of Directors' proposal to approve a dividend of €0.08 per share, excluding the treasury shares held by the company.

Second item – Authorization to buy and sell treasury shares; related and consequent resolutions.

- We found the information provided by the Board of Directors in its report in this regard to be adequate and complete. At year-end (31/12/2011) and on the date of this report (08/03/2012) the Company has 10,976,592 (3.549%) treasury shares, for a total of € 22.1 million.

  The Board of Statutory Auditors found that the law (Art. 2357 of the Italian Civil Code) and the bylaws would not be violated as a result of the purchase of additional treasury shares, conducted in accordance with the law.

Third item – Appointment of the Board of Directors

3.1 Determination of the number of directors

3.2 Determination of the Board of Directors' term of office

3.3 Appointment of the Board of Directors

3.4 Determination of the Board of Directors' remuneration

- We find the information provided by the Board of Directors about this topic in its Report to be adequate, complete and in compliance with the law, as well as with *Borsa Italiana's* regulations and the Corporate Governance Code to which the company adheres.

Fourth item - Appointment of the Board of Statutory Auditors

4.1 Appointment of three standing and two alternate auditors

4.2 Appointment of the Chairman of the Board of Statutory Auditors

4.3 Determination of the Board of Statutory Auditors' remuneration

- We find that also in the instance the information provided by the Board of Directors in its Report is adequate and complete.

Extraordinary session

First item – Amendment of Articles 6, 16 and 26 of the corporate by-laws; related and consequent resolutions.

- We find the information provided by the Board of Directors in its Report regarding the proposed amendments to the bylaws to be adequate and complete, specifically with regard to i) Article 6, relating to the provision found in the Italian Civil Code which allows companies to indicate the number of shares comprising share capital without a stated par value and ii) Articles 16 and 26 of the bylaws in order to comply with the provisions introduced in Law n. 120 of 12 July 2011 relating to gender equality in the administrative and control bodies of companies listed on regulated markets.

Second item - Proposal to increase the share capital for cash, pursuant to art. 2441, fourth paragraph, second sentence, of the Italian Civil Code; related and consequent resolutions

- The Statutory Auditors have no observations to make about the proposal to amend the corporate bylaws to increase share capital within the limits provided in art. 2441 paragraph 4 of the Italian Civil Code. In its report the Board adequately explains the motivation and reasons underlying this decision, as well as how these objectives would be served by the transaction .

* * * * *

Dear Shareholders:

In concluding this report, we would like to express our sincerest thanks to all those who have assisted us in the course of our work and for the vote of confidence your expressed by appointing us during the shareholders' meeting held on 23 April 2009.

Bologna, 27 March 2012

The Board of Statutory Auditors

Signed

(Romano Conti)

(Roberto Chiusoli)

(Franco Gargani)


VOLVO

GLOSSARY

AGENCY MANAGEMENT
Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

DEVELOPMENT PIPELINE
Program of investments in development.

DIRECT COSTS
Costs directly attributable to the shopping centers.

DIVIDEND YIELD
The dividend yield, or price/dividend ratio, on a company stock is the company's annual dividend payments made or announced divided by closing price of its ordinary shares at the end of the year.

EBITDA
EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings regardless of the company's means of financing, taxes or investment cycle. EBITDA is a proxy for the operating cash flow that the company is capable of generating.

EBIT (operating profit)
EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, and changes in the fair value of properties held. In the case of IGD, which follows International Accounting Standards (IAS), amortization and depreciation are not overly significant as the value of the freehold properties is updated every six months, based on an independent appraisal; properties are recognized at market value in the balance sheet, while the difference in fair value is shown in the income statement between EBITDA and EBIT.

EPRA
European Public Real Estate Association.

EPS / EARNINGS PER SHARE
Net profit divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV
The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

FACILITY MANAGEMENT
Supply of specialized services to shopping centers such as security, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
Pre-tax profit plus current taxes, depreciation & amortization, net change in the market value of properties and writedowns. This is the indicator most commonly used to evaluate a REIT's performance.

GENERAL EXPENSES
Corporate costs not attributable to the individual shopping center.

GROSS LEASABLE AREA (GLA)
The total floor area designed for tenant occupancy which includes outside walls.

GROSS MARGIN
The result obtained by subtracting direct costs from revenues.

HEDGING
The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortgage loans and bonds.

HYPERMARKET
Property with a sales floor in excess of 2,500 m2, used for the retail sale of food and non-food products.

INITIAL YIELD
The annualized rental income from a property as a percentage of its valuation at the time of purchase.

INTEREST RATE SWAPS / IRS
Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Used to convert floating rate debt into fixed rate debt.

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

JOINT VENTURE
Entity controlled on a long-term basis by two or more parties, based on a contractual agreement which calls for decisions regarding the management and financing of the enterprise to be made jointly.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for the entire year and the entire prior year.

LTV / LOAN TO VALUE
Real estate assets held in the portfolio for the entire year and the entire prior year.

MALL / SHOPPING MALL
Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

MARKET VALUE (FAIR VALUE)
The estimated amount for which a property could be exchanged as of the valuation date, between a buyer and seller each acting prudently and with knowledge of all the facts.
The definition of market value used by the appraiser is as follows:
"Pursuant to the 6th and latest edition of the 'RICS Appraisal and Valuation Manual' (the 'Red Book') published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently, and without compulsion".

MIDSIZE STORE
A property with a sales floor of 250 to 2,500 m2 used for the retail sale of non-food consumer goods.

NAV / NET ASSET VALUE
Difference between the value of properties (Asset Value) and net debt. The NAV per share indicated in IGD's financial statements is the Triple Net Asset Value (3NAV), which is expressed net of latent capital gains and the tax effect. In the calculation, potential capital gains on freehold property are added to net equity. The tax effect, based on the company's tax rate, is then deducted from this result. This Net NAV (NNAV) figure is then divided by the number of shares issued.

OCCUPANCY RATE
Gross let surface area as a percentage of properties' total surface area.

OVER-RENTED
Space rented for an amount exceeding its ERV.

PRE-LET
Lease signed by a tenant before development of the property has been completed.

REAL ESTATE PORTFOLIO
The portfolio of freehold and leasehold properties rented out by the IGD Group.

REIT
Real Estate Investment Trust. Comparable to a SIIQ in Italy.

RETAIL PARK
Group of three or more complexes with a combined area of more than 4,500 m2 and shared parking.

REVERSIONARY POTENTIAL YIELD
The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by average capital employed in the year.

ROE
Net profit divided by net equity after dividends.

SHOPPING CENTER
Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

SIIQ
Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicly held listed companies whose prevalent activity is the rental of properties and the equivalent, provided they meet a series of earnings and balance sheet requirements.

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

SUPERMARKET
A property with a sales floor of 250 to 2,500 m2 used for the retail sale of food and non-food products.

TENANT MIX
Set of store operators and brands found within a mall.

UNDER-RENTED
Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL
The weighted average cost of debt and all other sources of capital, used to calculate the expected return on investments.

Finito di stampare
nel mese di aprile 2012

Grafica e impaginazione
R. Bertuccioli

Stampa
Fasertek

Registered office
via Agro Pontino, 13
48100 Ravenna
(Italy)

Headquarters
via Trattati Comunitari
Europei 1957-2007, 13
40127 Bologna (Italy)

tel. +39 051 509111
fax +39 051 509247
info@gruppoigd.it
www.gruppoigd.it