Attachment B)

2012 ANNUAL REPORT

igd SIIQ
SPACES TO BE LIVED IN

KATANÈ

SHOPPING CENTER

Gravina di Catania - Catania

Opening 2009

Mall GLA sq.m 14,912

Food anchor GLA sq.m 13,663

6,304,690 visitors in 2012

2012 Annual Report

IGD, spaces to be lived in

CONTENTS

LA TORRE
SHOPPING CENTER

Palermo

Opening 2010

Mall GLA sq.m 14,412

Food anchor GLA sq.m 11,217

4,025,904 visitors in 2012

The IGD Group

01

CHAPTER CONTENTS

1.1 Letter to the Shareholders

Dear Shareholders,

Your Company closed 2012 with a net profit of €11.3 million and FFO – Funds from Operations – of €35.9 million.

These results were achieved in the most difficult year of IGD's brief history: this year, in fact, the economic crisis, which in Italy – our principal market – has persisted almost uninterrupted since 2008, proved to be even more drastic. The steps taken by the government to rebalance public accounts and slow the widening of the BTP/Bund spread had a heavy recessionary impact.

1

2

1. Gilberto Coffari, IGD's Chairman

2. Claudio Albertini, IGD's Chief Executive Officer

IGD had to, therefore, face an external environment characterized, firstly, by **high spreads on Italian loans** – we're talking about a cost of capital that is double our peers in the UK- despite the declarations made by the ECB about its intention to enact a policy to purchase government bonds directly on the market which resulted in a gradual "normalization" of the spread after the summer; secondly we had to deal with the deepening consumer crisis, which had a clear impact on the p&l of the retailers present in our shopping centers. Lastly, we had to absorb the significant impact that fiscal measures had on the Italian real estate sector following the introduction of a new property tax, IMU or *Imposta Municipale Unica in December 2011.*

How did we **face** this environment? **In general,** leveraging on:

- the good quality of our real estate portfolio which is concentrated in the retail segment and characterized, moreover, by the presence of solid food anchors,
- our long term debt which is largely hedged
- the traditional approach to the long term sustainability of our commercial policies.

These are elements which have always been part of our business model and which, once again, have proven to be key to the **stability of our performance.**

This year, however, we did more than just faithfully replicate a model: we had to demonstrate that we know how to be **flexible** and **reactive.**

Over the years IGD's organizational structure has grown and become more specialized, deliberately so, without becoming too complex: the chain of command between the first and second tier of management, which is still very short, **makes it possible to act rapidly.** This **slim organization** combined with clear and rigorous procedures, rendered even more efficient thanks to the implementation of the Enterprise Risk Management system in 2012, made it possible to react quickly and correctly to the changing external environment.

More in detail, during the severe phase of the financial crisis, we tested our **credibility** with the banking system and thanks to the continuous, transparent relationship that we have always cultivated with our banks, we were not impacted by the 'credit crunch' the way other companies were, as demonstrated by the **new credit facilities granted for a total of €48 million.** We had to deal with the widening spreads, despite the fact this had nothing to do with our credit profile, and the shortened maturity of the new loans; despite all of this, we managed to maintain the financial charges well below expectations.

Looking, once again, at financial management, we also granted a **Dividend Reinvestment Option** to our shareholders: an entirely innovative instrument for Italy, which made it possible, for those who were entitled to receive the 2011 dividend, to subscribe newly issued shares of IGD. The transaction, which ended up taking place during a particularly weak moment for IGD's stock, still made it possible for the Company to recapitalize €13.3 million and gave the different investors the opportunity to strengthen their positions at an attractive price.

In 2012, as mentioned, we experienced the effects that the drop in consumption, the proportion of which was unexpected even by the main research organizations, had on our tenant portfolio. The results found in the 2012 financial statements show that trade receivables are under control, as is their risk profile, thanks to the prudent approach to provisions. Maintaining a **high occupancy rates** is key to sustaining revenue and to limiting the condominium charges for vacant spaces. in order to maintain the financial occupancy at 97.46% we had to make sure that **our commercial and property management was even more careful and dynamic.** This meant that not only did we have to listen and anticipate the needs of the different retailers, but we also had to define strategies for each brand in the context of each catchment area, in order to **determine targeted support policies and rapidly rethink how to use the space** inside the commercial centers .

"This year we did more than just faithfully replicate a model: we had to demonstrate that we know how to be flexible and reactive".

The 0.52% growth like-for-like in terms of rental income reflects a new **contractual flexibility** and **ability to adapt** to the needs of the key tenants; it is, at the same time, the product of a gradual **increase in our business know-how.** In this context the positive figure for contract renewals, with an average increase in rents of 1.2%, is quite remarkable.

What we would like to stress, in looking at the results for the year that just ended, is that when the management finds itself in very new and difficult situations it feels the maximum responsibility for **making the right choices.** We also work in a mature sector, that doesn't have infinite margins for growth: the room for errors, structurally minimal, drops to zero in light of the limits imposed by the negative environment. For this reason we are in favour of the **tight**

connection between the commercial and asset management divisions which we witnessed, for example, working together on the study and implementation of the new layouts which make it possible to rapidly rethink the ideal merchandise mix for each shopping center.

The combination of the steps we took allowed us to achieve the 2012 results that we are presenting to you in these financial statements, beginning with the fair value of our real estate portfolio that at the end of the year amounted to **€1,906.560 million,** versus €1,924.645 million at the end of 2011, which reflects stable valuations of the hypermarkets (+0.15%) and the Romanian portfolio (-0.06%), while malls fell by 2.51%. More in detail, thanks to the stepped rents included in the contracts stipulated with the recently opened hypermarkets and the execution of new contracts (with both step and variable provisions) with international retailers, which improved the revenue outlook for Romania, the IGD Group was able to partially offset the negative impact of IMU (the new property tax) on fixed costs.

With regard to the income statement, **core business EBITDA,** our operating performance's most significant indicator, reached €85.8 million, a slight drop (-2.7%) with respect to 2011: this performance reflects, on the one hand, the **resilience of the core business revenue** (+1.7%) with respect to the negative external factors and, on the other, the **direct effects of exogenous factors,** like IMU. The property tax, in fact, had an impact of some €7.2 million, an increase of 63.3% with respect to 2011.

The bottom line of the income statement fell with respect to the €30.1 million posted in 2011 to **€11.3 million,** while **EBITDA basically held,** due to a **drop in the fair value** of the properties which reached €30.6 million (versus a drop of €14.1 million in the prior year) and an **increase in net financial charges** (€4.2 million), tied largely to the increase in the cost of capital.

In light of the quality of the results achieved despite the particularly difficult environment, IGD's Board of Directors will propose that the shareholders, meeting in ordinary session, approve a **dividend of €0.07 per share,** in line with the payout policy outlined in the 2012-2015 Business Plan.

The dividend yield for those who purchased IGD shares at the end of 2011 (at a price of €0.73) amounts to 9.6% and should be even higher for those who in June 2012 took advantage of the **Dividend Reinvestment Option** and used the 2011 dividend to subscribe new shares at a price of €0.64, with a yield that reached 10.9%.

In light of the positive experience we had in 2012, this year we also intend to offer the option of subscribing a capital increase for up a maximum amount of 80% of the dividend received by the shareholders of record.

The 2012 performance also deserves to be looked at in a broader context. In 2012 we, in fact, presented our new Business Plan which ends in 2015. This was part of a rigorous exercise that involved 50 IGD employees. We asked all the divisions for their commitment in achieving a goal of fundamental importance, namely **sustainability,** which we must succeed in effectively incorporating into our commercial relationships, in maintaining the value of our real estate portfolio and in the cost of our financing.

In carrying out this exercise to define a new Plan, we asked ourselves this question: how can we respect the goal to gradually reduce debt in light of weak consumption, the growing cost of debt, and **keep the Company on a development path** that allows us:

- to enhance the value of the existing assets
- and, at the same time, create drivers for future growth?

"In order to maintain high occupancy rates, we had to make sure that our commercial and property management was even more careful and dynamic".

Not an easy task. The investors we met during our roadshows in the main European financial hubs did, however, recognize that the Plan, while difficult to implement in such a challenging environment, has a very clear and solid foundation.

Based on what we learned during the planning process we should assume that 2015 will be a better year than the current one and that the **core business EBITDA margin** should come in at more than 71% with a gearing of less than 1.2x after having made investments of €200 million and disposals of €100 million.

Lastly, in 2012 we also began a project which makes it possible to for us to present the full year results a couple of weeks ahead of time and the half-year results 3 weeks ahead of time: further confirmation of IGD's commitment to providing its shareholders with both transparent and timely information.

In Italy today a situation of **extreme uncertainty** still exists: the economic crisis is reflected in the financial difficulties families are experiencing while – despite a certain resizing of government bond yields after the summer – tension in the financial markets remains. Overall we are approaching the work that we committed to carrying out in **2013** with **serenity and confidence.** We are guided not only by our hope that some signs of an **inversion of the current economic trend** will materialize in the second part of the year, but also by the certainty that we will be able to monetize, in the last quarter of 2013, parts of the **Porta a Mare** initiative underway in Livorno, thanks to the sale of several residential/tertiary units and the opening of the commercial portion of Piazza Mazzini. Moreover, we will no longer have the IMU "step", which in 2012 impacted the fair value of the Italian assets, to overcome. We will also be able to count on something else, in terms of expertise, that we learned along the way: the ability to **interpret the needs of consumers and the proactive approach** to translating these intuitions into commercial undertakings and property management initiatives.

This beacon, to **serve the customer even better** based on our personal interpretation of the market, to always put the customer first, is our real strong point: not only did it **guide us beyond the crisis,** but it will allow us, once the economy begins a gradual recovery, along with the real estate market and – we hope – the price of IGD's stock, to finally forge a series of **alliances:** once we are strong enough we could become, on the one hand, a **point of reference for the retail sector** and, on the other, **face innovative challenges,** by approaching segments in which we could do a lot, like the one comprising the historic centers of Italian cities.

The Chairman
Gilberto Coffari

The Chief Executive Officer
Claudio Albertini

Sustainability

TARGETS

→ **Shopping centers more and more “spaces to be lived in”: organization of 1 event every 3 days, 160 local associations involved**

→ **UNI EN ISO 14001, completed the process towards certification (spring 2013)**

→ **Clear and well defined target for each type of stakeholder with six-monthly check**

For further details please see the
2012 Sustainability Report

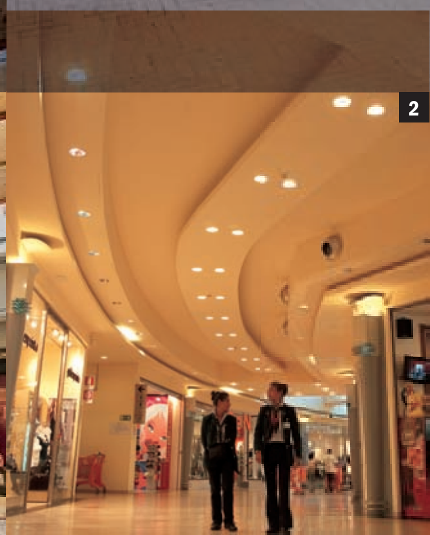
2012-2015 Business plan

GUIDELINES
- → Consolidation of the operating results
- → Investment plan to increase the quality of the assets
- → Financial strategy founded on a gradual deleveraging
- → Shareholders' remuneration through dividends

TARGETS
- → CAGR LFL rental income +2.8%
- → Core business EBITDA Margin in 2015 >71%
- → FFO (Funds From Operations) in 2015 45-50 million

For further details please see p. **28**



1. Outside of the **Mondovicino** retail park in Mondovì (CN)
2. Inside of the **Le Fonti del Corallo** shopping center in Livorno (LI)
3. Outside of the **Conè** shopping center in Conegliano (TV)
4. Inside of the **Tiburtino** shopping center in Guidonia Montecelio (RM)

1

Investments

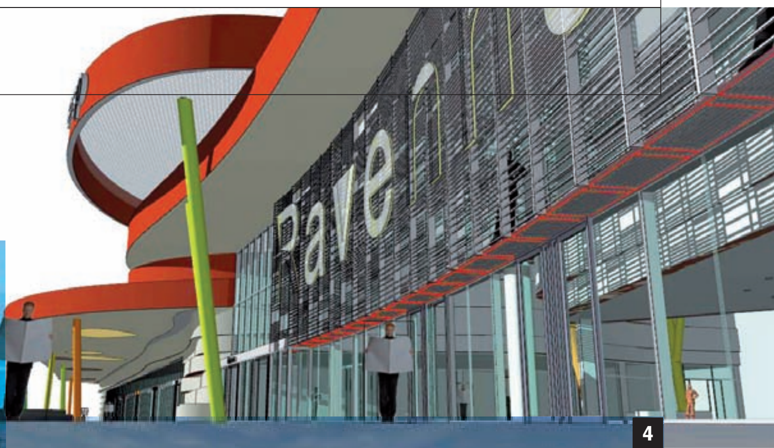
WORK IN PROGRESS

→ **Porta a Mare, a big project that will give new life to the historic port of Livorno**

→ **Chioggia Retail Park, the park on the water that will rise just outside the Venetian city**

→ **Restyling and extension. The project began with the first 3 shopping center: Esp in Ravenna, Centro d'Abruzzo in Chieti and Porto Grande in San Benedetto del Tronto**

For further details please see p. **42**

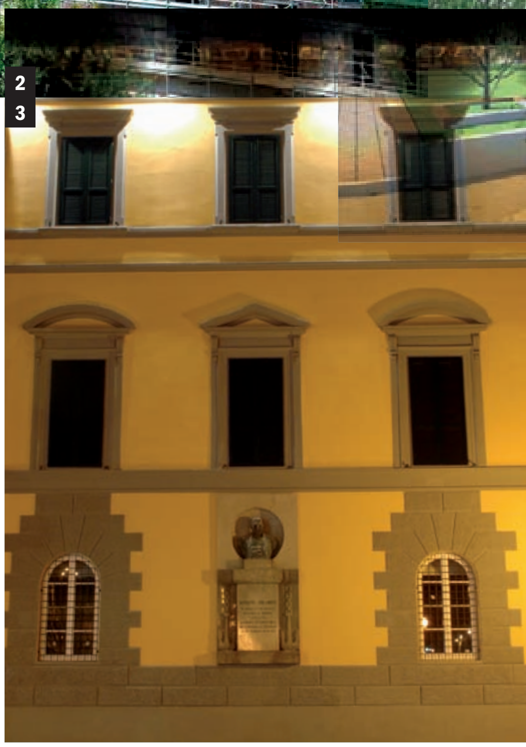


4

5

2

3



1. Rendering of the **"Porta a Mare"** project in Livorno
2. Work in progress in **Piazza Mazzini** area
3. The exterior of **Palazzo Orlando,** whose renovation has already been completed

4. Restyling of the exterior of **ESP** shopping center in Ravenna
5. The extension area of **Centro Porto Grande** in San Benedetto del Tronto

1.2 Corporate and Supervisory Bodies

Board of Directors

GILBERTO COFFARI
Chairman
Executive
Chairman's Committee

SERGIO COSTALLI
Vice Chairman
Non-executive
Chairman's Committee

CLAUDIO ALBERTINI
Chief Executive Officer
Executive
Chairman's Committee

ROBERTO ZAMBONI
Non-executive
Chairman's Committee

ARISTIDE CANOSANI
Non-executive

LEONARDO CAPORIONI
Non-executive

FERNANDO PELLEGRINI
Non-executive

FABIO CARPANELLI
Independent
Nominations and compensation committee

TAMARA MAGALOTTI
Independent
Nominations and compensation committee

ANDREA PARENTI
Independent
Nominations and compensation committee
Committee for related party transaction

RICCARDO SABADINI
Independent
Committee for related party transaction
Lead Independent Director

GIORGIO BOLDREGHINI
Independent
Committee for related party transaction

ELISABETTA GUALANDRI
Independent
Control and Risk Committee

MASSIMO FRANZONI
Independent
Control and Risk Committee

LIVIA SALVINI
Independent
Control and Risk Committee

During the meeting held on 19 April 2012 shareholders resolved that the Board of Directors should comprise 15 members. The current members were on the only list submitted jointly by the majority shareholders, Coop Adriatica and Unicoop Tirreno. A majority of the directors on the Board are independent (8 out of 15). The Control and Risk Committee, the Nominations and Remuneration Committee and the Committee for Related Party Transactions comprise solely independent members. The Directors will be in office through the Annual General Meeting called to approve the financial statements for FY 2014. All the Directors are of Italian nationality.

Board of Statutory Auditors

ROMANO CONTI
Chairman
Standing

ROBERTO CHIUSOLI
Auditor
Standing

PASQUINA CORSI
Auditor
Standing

ISABELLA LANDI
Auditor
Alternate

MONICA MANZINI
Auditor
Alternate

The Board of Statutory Auditors will remain in office for the three-year period 2012-2014.

External Auditors

RECONTA ERNST & YOUNG SPA

Corporate Governance Rules

IGD SIIQ SpA's Board of Directors approved new Rules for Corporate Governance on 8 November 2012 in order to comply with the most recent version of the Corporate Governance Code issued by Borsa Italiana's Corporate Governance Committee for Listed Companies on 5 December 2011.

IGD, which was already in compliance with a large part of the changes found in Borsa Italiana's Code, adhered to the new Rules in their entirety, making the additional amendments needed.

More in detail, in order to adopt a system more in line with best practices which allow for the management of control functions to be separated from operations, IGD's Board of Directors called upon the Chairman, Gilberto Coffari, to act as the Head of Control and Risk Management.

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 2012 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 2012, was conducted in the months of December 2012 and January 2013 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;
- 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 28 February 2013. 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 with the presence of the necessary expertise and managerial experience, as well as gender due to early compliance with the law;
- 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 informed, shared decisions;
  - useful and adequate participation of company managers in the Board meetings when deemed opportune.

1.3 Highlights

	2011	2012
TOTAL OPERATING REVENUE *	122,916	**123,264**
CORE BUSINESS REVENUE *	121,190	**123,257**
CORE BUSINESS EBITDA	88,119	**85,781**
CORE BUSINESS EBITDA MARGIN	72.71%	**69.59%**
CONSOLIDATED NET PROFIT	30,057	**11,288**
CONSOLIDATED FFO **	42,630	**35,943**
Market capitalization (€/mn)	228.84	**270.62**
Market value of the portfolio (€/mn)	1,924.6	**1,906.6**
Net financial debt (€/mn)	1,094.4	**1,089.6**
NET EQUITY (€/mn)	767.05	**753.57**
GEARING RATIO	1.38	**1.38**
LOAN TO VALUE (%)***	56.86%	**57.15%**
Average cost of debt	4.08%	**4.29%**
Adjusted average cost of debt****	3.71%	**3.91%**
HEDGING (%)	80.80%	**76.14%**

* The figures for 2011 were reclassified directly offsetting revenue against the provisions relative to rent of the Galleria Darsena for a total of €1,741,000

** The FFO for 2011 does not include extraordinary items and the gains from disposals

*** The Loan to value from the previous year was adjusted based on the NFP which does not include liabilities relating to derivatives.

**** The adjusted average cost of debt does not include the effect of the convertible bond loan.

Investment

	2011	2012
INVESTMENT PROPERTY	104.98	**3.33**
ASSETS UNDER CONSTRUCTION	14.69	**4.23**
ASSET HELD FOR TRADING*	10.70	**12.69**
TOTAL INVESTMENTS	130.37	**20.25**

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

€20.25 million

Financial occupancy rate at 31/12/2012

HYPERMARKETS **100%**
MALLS **96.29%**

97.46%
average - Italy

89.36%
Romanian malls

Average yield at 31/12/2012

6.59%
Italian hypermarkets

6.61%
Italian malls

6.72%
Romanian malls

Footfalls

69.40 million
visitors in Italy

33.50 million
visitors in Romania

Contracts

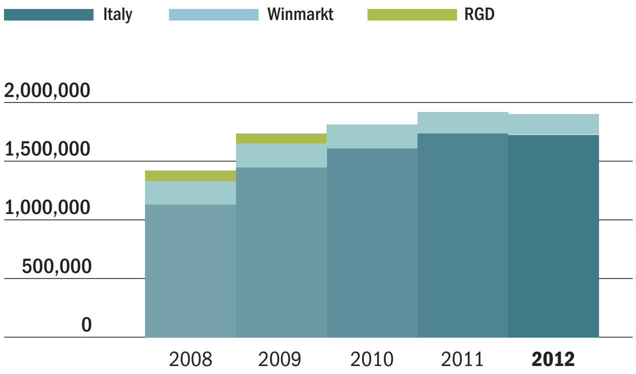
HYPERMARKETS **19**
MALLS **1,027**

1,046
contracts in Italy

MALLS **606**

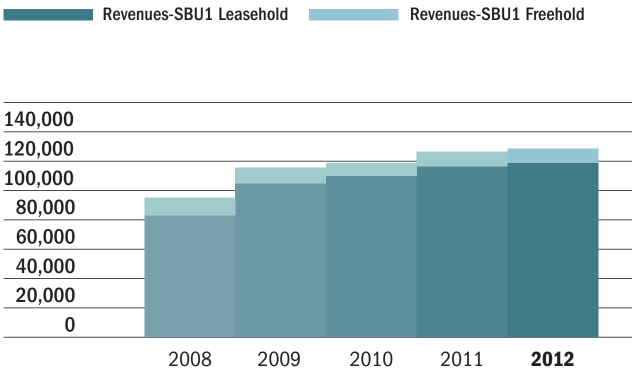
606
contracts in Romania

Market value of the portfolio



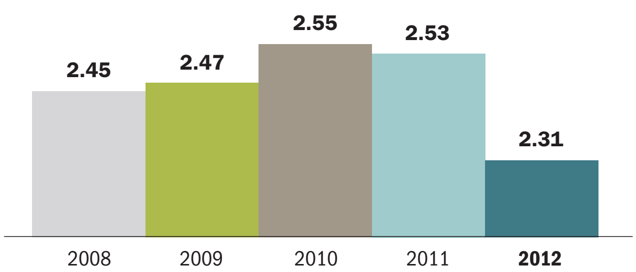
€1,906.56 million

Rental income



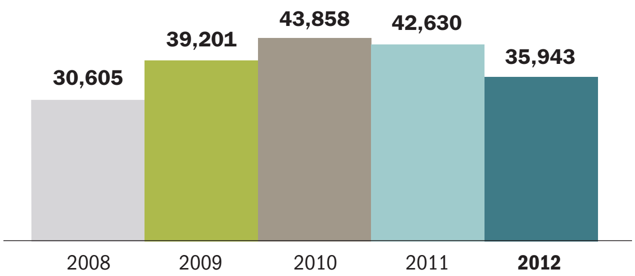
€118.12 million

NAV per share



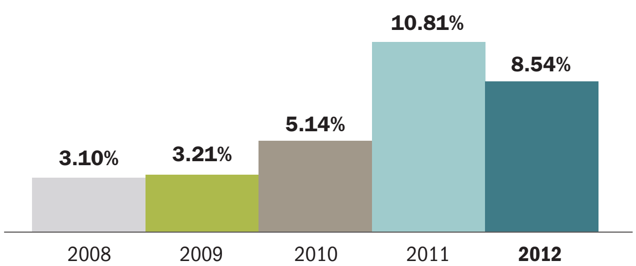
€2.31

FFO (Funds from operation)



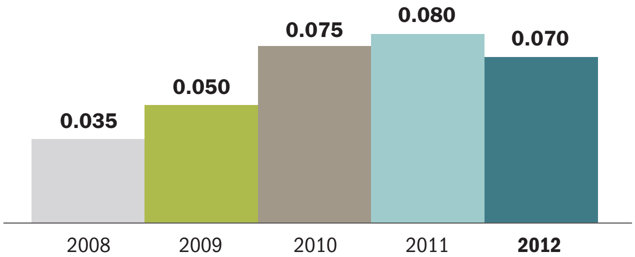
€35.94 million

Dividend yield



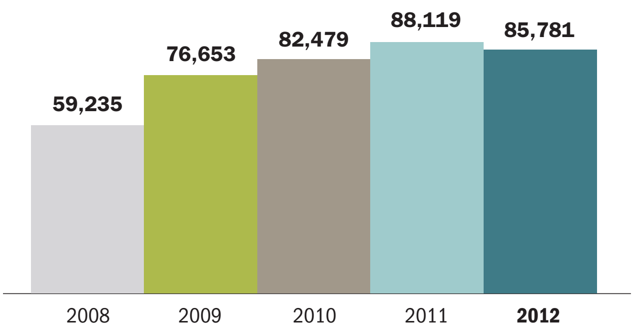
8.54%

Dividend



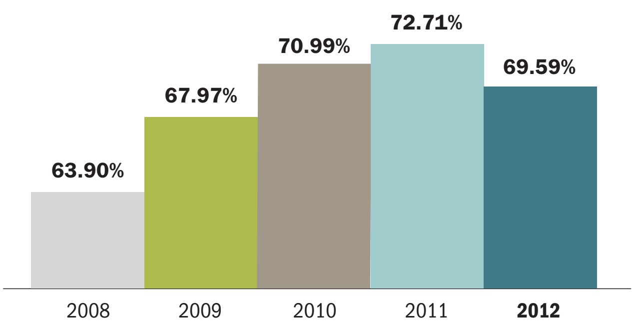
€0.07

Core business Ebitda



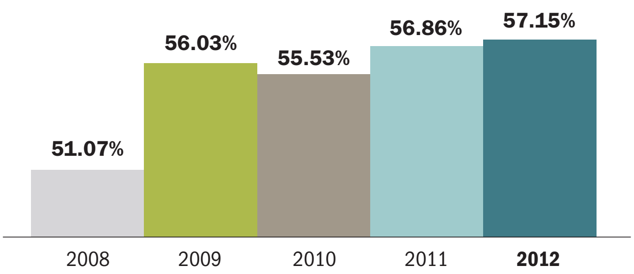
€85.78 milioni

Core business Ebitda margin



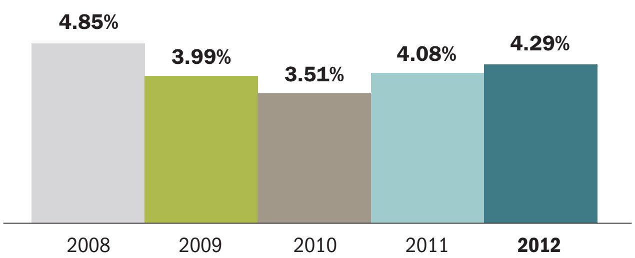
69.59%

Loan to value



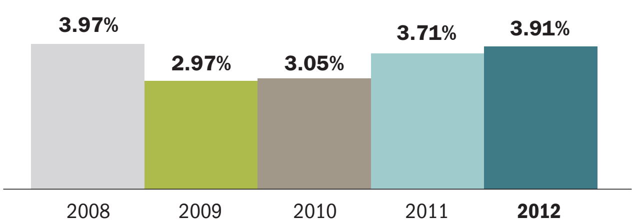
57.15%

Average cost of debt



4.29%

Adjusted average cost of debt



3.91%

10 TOP TEN TENANTS

Italy

	Product category	Turnover impact	Contracts
GRUPPO MIROGLIO (FIORELLA RUBINO, oltre, mötivi)	CLOTHING	3.6%	34
PIAZZA ITALIA	CLOTHING	3.1%	10
COMPAR (Bata)	FOOTWEAR	1.8%	9
DECATHLON	CLOTHING AND SPORTS EQUIPMENT	1.7%	3
SCARPE & SCARPE	FOOTWEAR	1.6%	4
CALZEDONIA	CLOTHING	1.4%	18
	ELECTRONICS	1.4%	1
BBC (OBI)	BRICOLAGE	1.4%	1
GameStop	ENTERTAINMENT	1.4%	20
ARMADIO VERDE (expert)	ELECTRONICS	1.3%	3

18.7% Total - Turnover impact

103 Total - Contracts

Romania

	Product category	Turnover impact	Contracts
Carrefour market	FOOD	6.5%	8
DOMO	ELECTRONICS	6.1%	9
B&B collection	JEWELLERY	5.7%	12
LEONARDO	FOOTWEAR	3.9%	13
Raiffeisen BANK	SERVICES	3.3%	1
HOUSE OF ART	CLOTHING (FAMILY)	3.3%	9
SENSIBLU	PHARMACY	3.0%	8
dm	HOUSEHOLD GOODS	1.6%	4
SEVDA	JEWELLERY	1.1%	4
ALTEX	ELECTRONICS	1.1%	4

35.6% Total - Turnover impact

72 Total - Contracts

TIBURTINO
SHOPPING CENTER

Guidonia Montecelio - Roma

Opening 2009

Mall GLA sq.m 33,419

Food anchor GLA sq.m 7,125

4,267,571 visitors in 2012

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 2012 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.

The indicators deemed significant for the reading of the Group's financial statements include EBITDA, FFO and EBIT the calculations of which are described in the Glossary.

02

CHAPTER CONTENTS

2.1 The IGD Group today

IGD is one of Italy's two SIIQ (Società di Investimento Immobiliari Quotate or real estate investment trust) and is the only one focused on the retail segment.

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.

Focused on long term property management since its inception, IGD can count on visible rental income which makes it possible to offer interesting dividend payouts to its shareholders as is called for under the SIIQ regime, a vehicle created to facilitate real estate investments.

IGD went through five years of rapid expansion following its listing in February 2005 through the end of 2009, thanks to significant investments which made it possible to open new shopping centers in different Italian regions and the acquisition, in 2008, of WinMagazine SA which controls the Winmarkt brand department stores, Romania's largest chain.

The growth was not the result solely of adding new assets to the portfolio, but also reflects careful commercial and asset management which focused on the enhancement of property over time.

The market value of the real estate assets rose rapidly from the €585 million recorded at September 2004 to €1,724.9 million at year-end 2009. Beginning in 2010, in light of the difficult external context in terms of both consumer trends and the cost of debt, IGD changed its approach to growth and proceeded with the rotation of several assets which resulted in the sale of two shopping centers which were part of the 50/50 JV RGD to Beni Stabili and, in 2011, to the purchase of a property in the historic center of Bologna and of the two hypermarkets found in the shopping centers opened the previous year in Conegliano Veneto and Palermo, respectively. In 2012 the focus was on the restyling of existing shopping centers.

IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy.

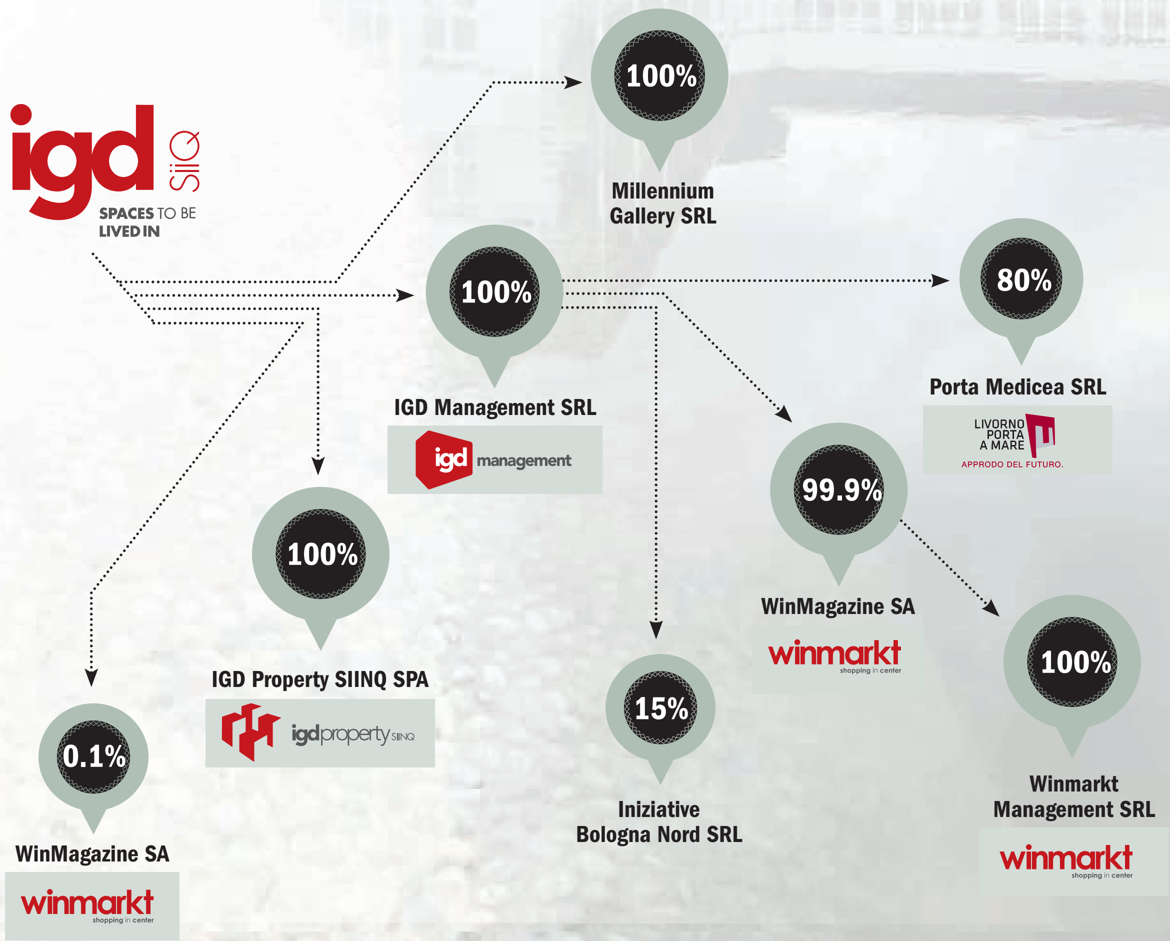
The Parent Company also controls:

1. 100% of Millennium Gallery (owner of part of the Rovereto shopping mall and a business division in the shopping center in Crema);
2. 100% of IGD Property SIINQ SpA, formed on 13 December 2012, a real estate company which isn't listed on regulated markets;
3. 100% of IGD Management srl which, 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:
   - 99.9% of WinMagazine, through which it controls WinMarktManagement, the company responsible for the team of Romanian managers;
   - 80% of Porta Medicea, the requalification and real estate development project of Livorno's waterfront;
   - 15% of Iniziative Bologna Nord, a real estate development company;
   - management of the leasehold properties Centro Nova and Centro Piave;
   - 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 2012.

On the right IGD's headquarters in Bologna

THE GROUP'S STRUCTURE



CONÉ
SHOPPING CENTER
Conegliano - Treviso

Opening 2010
Mall GLA sq.m 12,146
Food anchor GLA sq.m 9,498

2,563,387 visitors in 2012

MODERN
SHOPPING CENTER
Galati

Expansion/Restyling 2005
GLA shopping center
sq.m 7,640

1,382,621 visitors in 2012

Our Portfolio

Today IGD's portfolio in Italy is comprised almost entirely of hypermarkets and shopping malls that are part of medium-large sized shopping centers found in 11 different regions which span the country, from the north to the south. The **limited size** of the single properties (none of which represent more than 7% of the market value of the entire portfolio) and the **extensive domestic presence** contribute to IGD's **low risk profile.**

In Italy

19
hypermarkets and supermarkets

4
plots of land for direct development, of which 1 for the shopping center being built in Chioggia and 3 for expansions

19
shopping malls and retail parks (including the Darsena center mall co-owned with Beni Stabili)

1
asset held for trading, relative to the Porta Medicea project in Livorno

1
city center property found on Via Rizzoli in Bologna

7
other which includes the building where IGD's headquarters in Bologna is located

In Romania

15
shopping centers

1
office building

Our Activities

The **property management and leasing** of freehold properties, as well as of third party assets, represents IGD's core revenue producing business. All of the freehold properties are managed directly by the Company.

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 routine and extraordinary maintenance;

3.

The sale of freehold properties which no longer reflect strategic objectives or which have reached maturity.

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 part of ordinary operations, particularly in the presence of a negative economic environment.

Facility Management services are, rather, linked to marketing and the daily operations of the center such as, for example, security, cleaning and routine maintenance.

Mission and vision

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 is convinced that the retail segment of the Italian real estate market offers interesting possibilities in terms of medium/long term returns,which are more attractive than other real estate segments, if the opportunities for development and expansion still available in Italy are chosen correctly and if the benefits connected to the retail segment are properly exploited, including during negative phases of the economic cycle.

This is what has driven the IGD Group's vocation for **retail** which has been with the Group since its inception and which is also behind, despite the weak consumption in the last few years, the focus on the Italian market that IGD knows so well and covers adequately with a well rounded real estate portfolio.

IGD's portfolio is very segmented and diversified in terms of geographic distribution in order to take advantage of a unique situation in Italy in which there a limited number of large cities, but numerous small cities with less than 100,000 inhabitants. IGD's shopping centers, typically mid-size and located on the outskirts of the urban centers, are able to adapt well to these needs and meet demand.

IGD's centers almost always have a **food anchor** which is part of the mall where approximately 50 retailers can be found: a key factor in creating customer loyalty and maintaining daily traffic.

Another strong point that is typical of a large part of the shopping centers that IGD has in its portfolio is **good positioning in the primary catchment area.** The centers are normally purchased based on their favorable location; over time the same logic is applied to assessing whether or not to proceed with extensions and restyling.

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 yields and growth rates that were higher than in Italy. The deep consumer crisis which has persisted over the last few has prevented the Winmarkt centers from making a considerable contribution to the performance of the Group's portfolio: the need to requalify the tenant mix, in fact, coincided with a period in which the rents were under significant pressure. **Internationalization** was not, therefore, pursued any further as there was nothing driving further expansion outside of Italy: the Romanian transaction, therefore, was a singular event in IGD's development which has continued to be predominately in Italy.

The Romanian operations, despite the need to restructure the properties, continue to make a **positive net contribution** to IGD's consolidated P&L thanks to the yields which have continued to be, on average, higher than in Italy. In Romania IGD's management has applied the same policies used in the management of the Italian centers, focused on maintaining **returns which are sustainable** over the long term, adding small food anchors which did not exist before and high profile retailers – many of which are of international standing. This combination of factors, as well the investments made in restructuring, have provided better quality and more visible revenue streams, which has also made it possible to extend lease expirations.

IGD's vision must address the changes produced by the persistently negative external environment.

The Company has reacted by giving even more importance to the continuous **improvement** of the **quality of the portfolio by:**

- strengthening the presence of each shopping center in its reference catchment area;
- being more flexible, in terms of both properties and commercial structure, in order to take advantage of new consumer trends;
- increasing the environmental friendliness of the properties.

Strategy

On 2 October 2012 IGD presented the **2012-2015 Business Plan.**

With respect to previous plans, in this instance IGD adopted an even more rigorous approach: about 50 people, from all Divisions and Departments, were involved in the preparation of the new plan which was also elaborated using a new IT platform. In May 2012 the strategic guidelines and a series of possible objectives and scenarios were part of preliminary discussions that took place during a **seminary** which the new **Board of Directors,** appointed by the shareholders on 19 April 2012, attended; the directors provided insights and topics to be explored further when drafting the Plan.

The previous 2009-2013 Strategic Plan was presented in November 2009, after the arrival of the new Chief Executive Officer, Claudio Albertini, and its targets were subsequently revised a year later in November 2010. IGD then, while still defining internal budgets on a regular basis, temporarily stopped updating the Plan in light of the uncertain global market conditions.

The new Plan which ends in 2015 introduces significant change in terms of the medium/long term strategy: with respect to the past more attention was, in fact, paid to financial, operational and structural **sustainability,** in order to maintain the prudent and solid profile which helps to mitigate the Plan’s execution risk.

From now through 2015 IGD is committed to pursuing **sustainable revenue and financing costs.** The Group also expects to implement policies and make investments which make it possible to **maintain the market value of the portfolio’s assets over time.** Sustainable commercial, financial and property management are key to guaranteeing **attractive returns** for investors through the payment of dividends.

The targets included in the plan are shown below:

Targets of 2012-2015 Business Plan

+2.8% CAGR LFL rental income (2012-2015)	**+3.6%** CAGR rental income (2012-2015)
>71% Core business EBITDA Margin in 2015	**€45-50 million** FFO (Funds from Operations) in 2015
1.4x Peak gearing (2012-2015)	**<1.2x** Gearing at year-end 2015
ca. 52% LTV at year-end 2015	**>2x** Interest Cover Ratio in 2015
€200 million Investments (2012-2015)	**€100 million** Disposals (2012-2015)

GUIDELINES

1 Consolidation of the operating results

The first steps to be taken to consolidate operating revenue will focus on sustaining rental revenue streams over time through:

- the ability to innovate (introducing traffic generating brands, providing personal services and enhancing local specialties)
- careful attention to sector trends (food anchors and temporary shops, in particular)
- the policy to provide assistance to tenants experiencing problems (the total amount of which should decrease over the four year period)

LFL revenue should also benefit from:

- the gradual reduction of vacant spaces;
- renewals which call for an average yearly increase in rents of approximately 1%;
- an increase in Winmarkt's net revenue in Romania, above all thanks to the requalified GLA and the positive effects of the most recent contracts linked to both step rent and indexing mechanisms.

The marketing campaigns, coordinated in order to provide the events and communication projects at the different centers spread throughout Italy with a common identity, will generate noticeable synergies.

Direct costs, which the Company estimates will remain stable through the end of the plan, will be significantly impacted by IMU (Imposta Municipale Unica), the property tax introduced in December 2011.

General expenses, which are expected to rise slightly, should fall below 8% in 2015 as a percentage of core business revenue.

2 Investment Plan

IGD has recently undergone intense development fueled by an ambitious investment plan which brought the size of the Group's real estate portfolio to almost €2 billion. In light of the difficult financial and business environment, the Company decided to focus its investments on the **committed pipeline,** namely projects already underway or for which there is a binding commitment.

Between 2012 and 2015 IGD expects to make total investments of approximately €200 million, approximately 120 million of which in the existing portfolio, primarily for the expansion and restyling of the most important centers in their respective regions (Centro Esp, Centro d'Abruzzo, Porto Grande, Centro Sarca, Gran Rondò and Le porte di Napoli), and other capital expenditure, while the remaining €80 million will be used for the development of the pipeline, the new shopping center in Chioggia and the multi-purpose project Porta Medicea in Livorno.

The investments are expected to generate an average yield of more than 6.5%.

The Plan also calls for the disposal of properties totaling €100 million by 2015.

IGD will also assess asset rotation if the opportunity should arise, as well as partnerships with institutional financial investors.

Lastly, the strategy calling for the aggregation of third party real estate portfolios in the retail segment, particularly if part of the cooperative world, is still valid.

With regard to Romania, IGD will invest approximately €12 million over the four year period in extraordinary maintenance, in order to ensure that the facade and other interiors of the Winmarkt department stores meet international standards which should make it easier to attract new high profile retailers, as well as potential investors, in the near future.

3 The Financial Strategy

The focus of IGD's strategy is gradual deleveraging: it calls, in fact, for a gearing of less than 1.2x by year-end 2015. IGD is committed to ensuring that the peak gearing over the life of the plan will be 1.4x.

The debt structure will continue to comprise primarily long term debt, in line with the asset base. Hedging of the interest rate risk should remain stable, at around 65%.

4 Returns for shareholders through the payment of dividends

Aware of its status as a SIIQ and in keeping with the idea of sustainability which is a key concept in all the areas addressed in the 2012-2015 Plan, IGD will seek to offer **attractive returns to its shareholders.**

2.2 Activities

The IGD Group's business activities include three distinct divisions:

- → **Property development and portfolio management;**
- → **Marketing and management of the network;**
- → **Romania.**

The three divisions report to Chief Operating Officer.

1. Property development and portfolio management

→ Property Development

While the details of the investments made in 2012 may be found in the section "Investments, commercial agreements and loans", in this section we will look at the different initiatives on the basis of the underlying strategic guidelines.

As was confirmed in the Business Plan, despite the difficult external environment, IGD decided to block all investments and to carefully develop the pipeline **in order to minimize short term commitments and maintain the completion** of the investments already underway as the priority.

Restyling and extensions

A first important category of investments will be **restyling and extensions,** which will make it possible to improve the quality of the existing portfolio and increase the size, while maintaining a low risk profile: the centers involved, in fact, operate in catchment areas that IGD knows very well, thanks to direct past experience.

The restyling of **Centro ESP** in Ravenna was completed in 2012; in December 2012 work began on the mall in **Centro d'Abruzzo,** in the province of Chieti. With regard lastly to the midsize stores that will expand the **Porto Grande center,** in the province of Ascoli Piceno, IGD received the relative permits in November and December 2012.

Lastly, the project calling for work on both the buildings and systems of **Centro Sarca** in Milan, designed to change the floor layout and improve the environmental impact, was finalized. Contrary to the work done in other shopping centers which called for the use of the same materials, colors and shapes, in Milan IGD decided to use Expo 2015 as a source of inspiration and a concept that shifts from the technological toward the organic. The work will take three years, beginning with the foyer and the parking areas in the second half of 2013 to then continue in 2014 with the malls and terminate in 2015 with the remodeling of the facades.

Development

IGD is also involved, through its subsidiary **Porta Medicea,** in the development of a multi-purpose project along Livorno's waterfront. Following the restructuring of Palazzo Orlando, which was completed in 2011, work continued in 2012 on the remaining lower Mazzini section which should be completed in September 2013. According to its schedule, IGD will be able to stipulate preliminary agreements and receive down payments for the purchase of apartments between October and December 2013. By year-end the sale of the commercial area of the lower Mazzini section should also begin. This area consists of a supermarket and 30 stores, all located on the ground floor above which apartments have been built.

The **Officine Storiche** will, rather, accommodate a large mall with stores, services and leisure time activities, as well as local delicacies. Work will begin in the second half of 2013 in order to be opened in 2015.

IGD is also working on a few changes to the entire project which will be presented to the entities involved shortly.

In November 2012, the Porta Medicea project was presented at MAPIC, the most important sector trade fair in Europe, where it generated interest and received good feedback with regard to the commercial part of the initiative which will include 43 points of sale (GLA 5,180 m^2) and 2 midsize stores (GLA 2,050 m^2) in the Piazza Mazzini section and 20 points of sale (GLA 2,095 m^2), midsize stores (for a total GLA of 7,485 m^2) and a fitness center (GLA 3,340 m^2) in the Officine Storiche section.

Lastly, the urbanization works on the retail park in **Chioggia** are underway and the inauguration should take place in the second half of 2014.




Portfolio Management

With regard to asset management, in 2012 approximately €**5.5 million** was spent on **extraordinary maintenance** of the portfolio properties; approximately €1 million of which was spent on the fit outs in order to accommodate premiere retailers in spaces which IGD delivers already finished and fitted based on the retailer's requests. This will have a significant impact in 2013, as well, as almost half of the total extraordinary maintenance scheduled in the year totaling €16 million will involve fit-outs.

Romania

In 2012 work was done in **Romania** to create a more European image of the various department stores with a view to attracting new large international retail chains. The first work done was on the facades which showcase the most important brands found in the mall, next to the Winmarkt logo (redesigned to reflect IGD's corporate identity). The new look of the facades, inspired by the idea of technology, also includes the use of large screens which will feature advertising and colors that change, giving the department store a new look throughout the day.

The internal work was completed in a way which allows for maximum flexibility in the new structures in order to facilitate the insertion of new retailers.

By spring 2013, once the preparatory work for the arrival of H&M is completed in Buzau, the interventions will total 8. Currently a total of some 10 projects are open.

In 2013 investments will total about €4 million, approximately half of which will be dedicated to doubling the tunnel that connects the two Ploiesti shopping centers.

1. Restyling of the mall of Esp shopping center in Ravenna
2. Restyling of the exterior of **Centro d'Abruzzo** in Chieti
3. Rendering of the **retail park** that will rise just outside **Chioggia**
4. Exterior of **Palazzo Orlando** in Livorno, the first part of the "Porta a Mare" project completed
5. Rendering of **Officine Storiche** renovation, first part of the development of the "Porta a Mare" project together with Piazza Mazzini
6. Rendering of the extension project of **Centro Porto Grande** in San Benedetto del Tronto

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.

With regard to **pre-letting,** the Porta a Mare project was presented at MAPIC in 2012 and part of the Officine Storiche's commercial section generated positive feedback; the midsize stores at the retail park in Chioggia also generated good preliminary interest.

Positive signals were also received with regard to the spaces that are part of the extensions of ESP, Porto Grande and Centro d'Abruzzo.

1

2

If a center like ESP, which was built in 1996, gained a new freshness it is not exclusively due to the new image that the common areas acquired after the **restyling,** but also thanks to the revision of the commercial offer and the commitment IGD asked of its tenants, whose contracts were expiring, to also restyle the store interiors.

During the year that just ended IGD's commercial activity consisted primarily in trying to **offset** the growing vacancies as a result of the drop in consumption along with the credit crunch. This phenomenon affected all merchandise categories, but **clothing, electronics** and smaller local retailers were particularly hard hit, although there was a slight recovery during the sale weeks.

The large retail chains have shown greater resilience with respect to the drop in the shoppers' purchasing power but have, however, used all of their contractual power as large operations to negotiate favorable terms in the new lease agreements.

IGD found itself having to replace the retailers leaving the malls as quickly as possible due to the crisis while also protecting its profitability.

In centers like Centro Nova in Bologna, ESP in Ravenna, Le Fonti del Corallo in Livorno and Centro d'Abruzzo in Chieti, IGD can still count on a "waiting list"; however not all those who wish to be part of the mall have a profile that fits with the best merchandising mix.

With respect to 2011 the average **vacancy rate** rose in 2012 though there was a slowdown in the last part of the year. In light of the complex and difficult environment, the commercial policy adopted in the past also proved effective and made it possible to limit the impact of the vacancies caused by the crisis which has continued to weigh on the retailers' business for more than five years.

If we take the example of a center opened in November 2010, such as Conè, the fine tuning of the marketing carried out in 2012 made it possible for the center to be fully rented much quicker than previously opened centers, despite the very competitive catchment area. IGD began with a relatively "classic" merchandising mix and over time refined the mall's offer and worked on complete territorial integration with sporting associations and schools.

The merchandise mix of the La Torre Center in Palermo, opened at the end of 2010, will also be revamped in the near future with a probable decrease in the size of the food court and a new tenant mix in order to better meet the shopping habits and purchasing power of the local inhabitants.

The commercial division also monitors all the retail sector trends. An example of this is a project that is currently being considered to reduce the size of a hypermarket with a view to freeing up new space inside the mall which would renew it completely and give more life to the shopping center itself.

As part of its **asset management** and in order to better meet the changing needs of its tenants, IGD has opted for **flexible layouts,** overcoming the idea of the shopping center of walled stores and allowing for continuous revamping of the **commercial offer.**

The policy to **listen carefully to the needs of its tenants** also continued. Over 400 meetings were held during the year, many of which were not part of **contract renewal negotiations.** In many instances IGD sought to approach tenants' new needs differently and with unprecedented **flexibility** in terms of variety and personalized solutions: all this in order to maintain the occupancy rate while respecting the ideal merchandise mix, budget and the ability of the brand to bring innovation and generate traffic in each center.

In 2012 IGD also increased the presence in its shopping malls of **brands with great appeal** like Piazza Italia, Terranova, Kiko, Calzedonia and Intimissimi. It also benefitted from continuous presents of brands like Maison du Monde which has a unique product range, very different from the typical home furnishing stores found in shopping centers. Kasanova also proved to be a valid presence given its ability to meet the new consumer needs through year-round promotional sales.

Of note in 2012 was the success of the temporary food markets organized in the malls' foyer areas in centers that included Afragola (Naples) and Conegliano Veneto. Local delicacies were presented, along with specialties from more distant regions, which also had a positive impact on revenue from **temporary rentals** which reached €2.7 million, basically in line with the €2.8 million recorded in 2011.

Article 31 of Law Decree 201 of 6 December 2011 - known as the "Save Italy" decree - liberalized **Sunday openings** and abolished all limits on the daily number of hours of operation. There are two sides to the law. The positive aspect consists in the fact that, in light of the crisis, the additional hours make it possible to increase sales as was proven by the drop in sales of those center tenants who did not stay open any extra days during the year. The days of operation, thanks to the liberalization, of the IGD network increased by an impressive 265 with respect to 2011. A few preliminary analyses have provided contrasting views. In some cases it would seem that the Sunday openings, in fact, only helped to offset a drop in the revenue generated during the week and caused sales to remain basically unchanged. Encouraging signs emerge, however, from the Sunday sales trends which appear to increase over time as new habits change, particularly in southern Italy.

The negative aspect relates to the increase in costs, including for consortiums, and the ability of smaller retailers to sustain the work hours. To be taken into consideration are centers like Mondovì, an IGD center which already benefitted from an exclusive right to stay open on Sunday as it is next to an outlet. In the end, the fact that all the structures in the area could stay open only increased competition.

The focus on **further increasing the shopping centers' overall appeal,** rather than on maximizing short term revenue, allowed IGD to keep the number of footfalls high and offset the weak market. The average ticket fell by 2.6%.

Footfalls in 2012 amounted to 69.4 million, an increase of 0.6% with respect to the 69.0 million posted in 2011.

The **client portfolio risk** continued to be low in 2012: the ten largest tenants represent only 18.7% of IGD's total rental income from malls.

In Romania restructuring of the spaces continued, along with the requalification of the tenant portfolio, which made it possible to improve the quality of the tenants and the occupancy rate which reached 89.4% at year-end (versus 88.8% at 31 December 2011). The introduction of food anchors (6 Carrefour and 2 Billa stores), the presence of more high profile international retailers like H&M, along with the presence of electronics which cover approximately 1,000 m^2 in all 15 Winmarkt centers, made them more attractive and increased the visibility of revenue streams over time.

The implementation of a long term strategy instead of a speculative one made even more sense in a prolonged period of crisis. The positive commercial impact is already clearly visible as traffic increased (+7.2%).

At year-end 2012 international retailers represented 26% of the total rental income generated in the Winmarkt centers, national retailers 39% and local ones 35%.

The tenant turnover is not over: in 2013 a few "weaker" brands, primarily Romanian, will no longer be present even if about one third of the GLA will be occupied by local brands through 2015.

1, 2. Mall of the **Tiburtino Shopping Center** in Guidonia Montecelio (RM)





→ Contract Management

Contract management is the second activity in which the Marketing and Network Management division is involved.

In 2012 IGD signed 135 new contracts in Italy, 71 of which were renewals and the remaining 64 were related to turnover. The average increase of the new contracts, which represent slightly less than 10% of the total consolidated rental income, reached 1.2%.

A total of 23 contracts were signed for spaces inside the restyled shopping malls - ESP, Centro d'Abruzzo and Porto Grande. At year-end 2012 IGD had a total of 1,027 contracts.

In 2012 201 renewals and 123 new contracts were signed in Romania with average rents down by 3.1% due to extended expirations and the higher profile tenants included in the portfolio.

→ Management of the Network

Management of the network of shopping centers, both freehold and third party, makes up the third operating segment of the Commercial 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 in ordinary maintenance activities. In addition to improved security, the control of energy consumption and certain costs both benefitted from the presence of this new figure.

More in detail, in 2012 several contracts for clearing and security services were renegotiated at rates which were lower by between 5 and 10%, with the level of service unchanged. The energy audit made it possible to understand current consumption and what can be done to make future savings possible.

1. Press conference of the initiative **"Prevention is really a smart thing"** carried out with ANT to promote cancer prevention

2. Picture of the event **"The Star is you"** organized in Tiburtino Shopping Center in Guidonia Montecelio (RM)

3. Cutting of the cake for the **inauguration of Conè Shopping Center** in Conegliano (TV)

4. Picture of the event **"A basket with IGD"** carried out with the basketball team Virtus of Bologna

5. Picture of a **boxe event** carried out at Città delle Stelle shopping center in Ascoli Piceno

6. Picture of the event **"Comics into the center"** carried out in Esp shopping center in Ravenna

2012 Marketing Plan

The 2012 Marketing Plan, developed with the consortium created to manage the common charges in the shopping centers, continued in accordance with the policies defined over the past two years, with a view to a synergic management of communications, but with an unprecedented intensity and innovation in terms of the advertising initiatives and promotional events.

Despite the consortium's budget which was unchanged with respect to 2011, the new approach to managing communication costs resulted in savings of around 10%, freeing up resources for additional investments. The agencies involved in the advertising and promotional campaigns are granted an exclusive solely for the creative aspects, while IGD reserves full discretion in planning implementation and adopting the most competitive solution.

In 2012 IGD also proposed a certain number of itinerant events, with formats that could be replicated in different shopping centers. The themes of these events reflect the values that have always characterized IGD: sport, culture, social awareness, work, health, individual artistic talents. When these events are organized, careful attention is always paid to the uniqueness of the local community.

The involvement of Bologna's basketball team Virtus Pallacanestro continued which resulted in the event **"A canestro con IGD"** (literally "A Basket with IGD"), being held in four shopping centers.

The free **cancer prevention campaign,** organized in collaboration with the doctors of the ANT Italia Onlus Foundation, made it possible to offer 66 free check-ups in 22 IGD shopping centers between March and December 2012. A total of 2,640 people were examined, 285 of which were then referred to specialists and, in a few instances, surgery was necessary.

At the end of 2011 a project, together with the Hamelin Cultural Association and Coop School in partnership with Coop Adriatica and UniCoop Tirreno, was launched. The purpose of this initiative is to familiarize kids with the artistic language of **comic books.** School teachers and local artists were directly involved in the activities organized to stimulate young students. The initiative was hosted at 11 centers in 2012.

Between March and November 2012 the initiative **Creativitalia,** the beauty of Italy was presented in 26 shopping 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 excellence.

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 subscribed and paid-in at 31 December 2012 amounted to €322,545,915.08, comprised of 330,025,283 shares without a stated par value.

The share capital approved amounts to €405,015,558.69.

IGD ticker symbols

- **RIC:** IGD.MI
- **BLOOM:** IGD IM
- **ISIN:** IT0003745889

IGD's stock

€0.73
Share price at year-end 2011

€0.82
Share price at year-end 2012

€270.62 million
Capitalization at year-end 2012

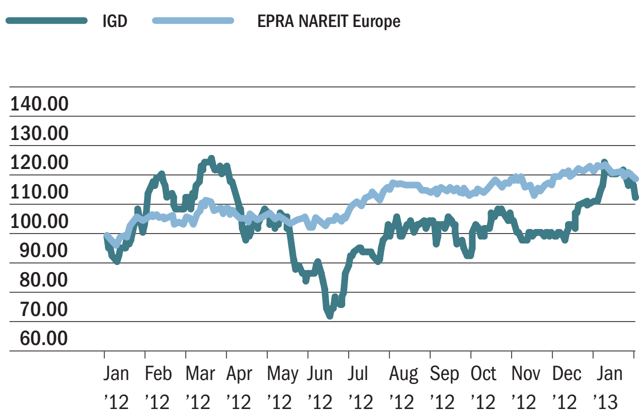
€0.93
2012 high (21 March)

€0.53
2012 low (18 June)

10.9%
Dividend yield 2012 (based on the price at year-end 2011: €0.08 / €0.73)

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
FTSE ECPI Italia SRI Benchmark

IGD'S STOCK PRICE COMPARED TO THE EUROPEAN REAL ESTATE INDEX (BASE 2.1.2012 = 100)



Source: EPRA data elaborated by IGD

The price of IGD's stock rose in first quarter 2012, driven by favorable expectations for the FY 2011 results, which were confirmed when the yearly results were published on 8 March and the stock reached its year high of €0.93 on 21 March; in the first few months of 2012 IGD outperformed the European index, EPRA NAREIT Europe, which represents the average stock price of the listed European real estate sector companies.

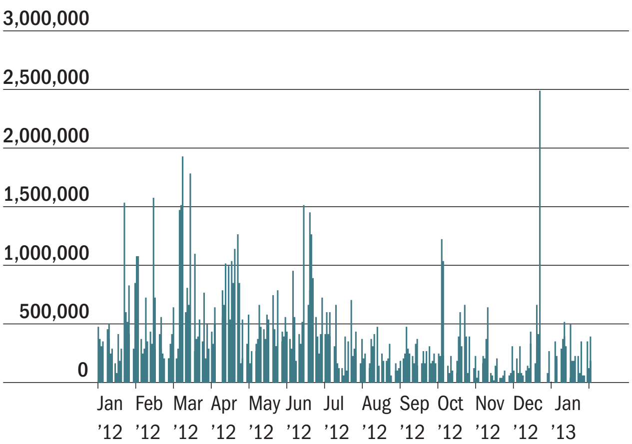
Subsequently the publication of recessionary indicators relative to different countries in the south of the Euro zone, along with the renewed tensions regarding sovereign debt, particularly in Spain and Greece, worsened international investors' valuations of Italian equities considerably: IGD was not immune to this phenomenon. The stock's downward trend in May and the first part of June caused it to underperform the sector index. This dynamic reflects both the perception of Italy as a high risk country which caused a number of foreign investors to sell their shares and the brilliant performance of the sector index, EPRA NAREIT Europe, which is comprised primarily of large cap public companies with limited debt and solid fundamentals which in 2012 were able to benefit from the low cost of financing as they are not part of peripheral Europe. The performance of the reference index was also driven by expectations that significant aggregations would take place which had a positive impact on the price of stocks potentially involved.

From the second half of June on, the price of IGD's stock benefitted from the slowdown in the stock sell-off thanks to the expectations that an agreement would be reached at the next EU Summit which did happen, albeit partially and above all in terms of fiscal union. In the following weeks, beginning in August, stocks traded in a range will waiting for the ESM (European Stability Mechanism) to be approved mid-September by the German Constitutional Court, as it was, and thanks to the ECB's support of the Euro and its program to buy government bonds begun at the first half of September. While IGD's price bounced back from the lows recorded mid-June, it only partially retraced the gap with respect to the index. IGD's stock rose 11.6 % between 30 December 2011 and 28 December 2012 versus a rise in the EPRA NAREIT Europe index of 22.6% in the same period. It wasn't until after IGD's stock rally in the first week of January 2013 that the stock and the European sector index began to perform in line with year-end 2011. 2013 has gotten off to a brilliant start, driven by the resolution, at least temporarily, of the fiscal cliff issue in the United States and thanks to a vast shift in allocation from bonds to equities given the limited returns offered by bonds with high ratings. In this context, real estate stocks, given their solidity and the sustainability of their yields over time, appear more attractive than other types of investments, above all because they offer a shield against further concerns about the global market conditions and future inflationary pressure.

In 2012 an average of approximately 420,000 IGD shares were traded each day; a clear increase with respect to the average of circa 350,000 shares traded per day in 2011. Volumes were higher in the first part of the year: in the first six months of the year an average of approximately 570,000 shares was traded each day, versus an average of 270,000 shares in the second half of the year.

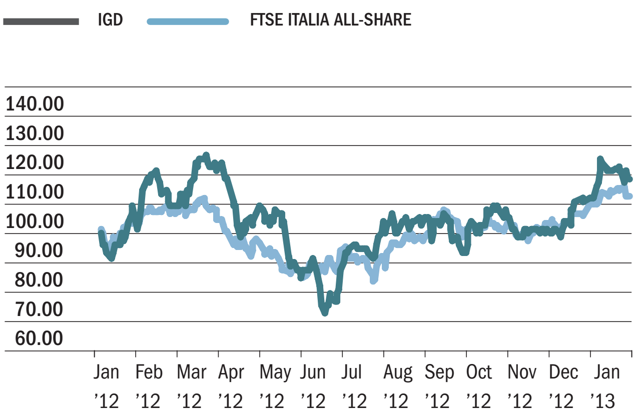
IGD's stock outperformed the Italian stock market index, the FTSE Italia All-share Sino, through mid-May 2012. The stock then underperformed the market through the first part of June which was completely retraced in the first part of July. Subsequently, through the first part of December, the stock performed in line with the Italian index. In the last sessions of the year, IGD's stock outperformed the FTSE Italia All-share Index which was, however, also positive. The price of IGD's stock rose 11.6% between 30 December 2011 and 28 December 2012, versus a rise in the Italian stock market index of 8.4%.

VOLUME OF IGD STOCK TRADED AS OF 2 JANUARY 2012



Source: Borsa Italiana

IGD'S STOCK PRICE COMPARED WITH THE FTSE ITALIA ALL-SHARE INDEX AS OF (FTSE ITALIA ALL-SHARE) AS OF 2 JANUARY 2012



Source: Borsa Italiana

NAV

Despite the significant rebound of IGD's stock price beginning mid-June, the stock continues to trade at an ample discount to its NAV.

The NNAV per share calculation follows.

NNAV PER SHARE		31/12/12	31/12/11
Market value owned properties. lands. direct development initiatives. assets held for trading	A	1,906.56	1,924.65
Investment properties. lands and development initiatives. assets held for trading	B	1,905.78	1,916.79
Potential capital gain	**C=A,B**	**0.78**	**7.86**
Shareholders' equity (incl. third parties)		753.57	767.05
Treasury shares value (incl. commissions)		22.25	22.25
Adjusted shareholders' equity	**H**	**775.82**	**789.31**
Present IGD stock price	**31,DIC,12**	**0.82**	**0.74**
Potential gain/(loss) on treasury shares	**D**	**(13.14)**	**(14.02)**
Total capital gain/(loss)	**E=C+D**	**(12.36)**	**(6.16)**
NAV	**F=E+H**	**763.45**	**783.15**
N. of shares	G	330.03	309.25
NAV per share	***F/G***	***2.31***	***2.53***
Tax rate on asset gain/loss		27.6%	27.6%
Total net capital gain/(loss)	**I**	**(12.58)**	**(8.33)**
NNAV	**L=H+I**	**763.24**	**780.98**
NNAV per share	***M=L/G***	***2.31***	***2.53***

Both the NAV and the NNAV fell with respect to December 2011. This decrease is attributable to:

1) the change in the potential capital gain on the difference between market value and real estate investments which dropped from €7.86 to 0.78 million

2) decrease in total equity

3) the greater number of shares outstanding, as a result of the Dividend Reinvestment Option transaction after which the share capital increased to €13,296,654.08 versus an increase of 20,776,022 shares

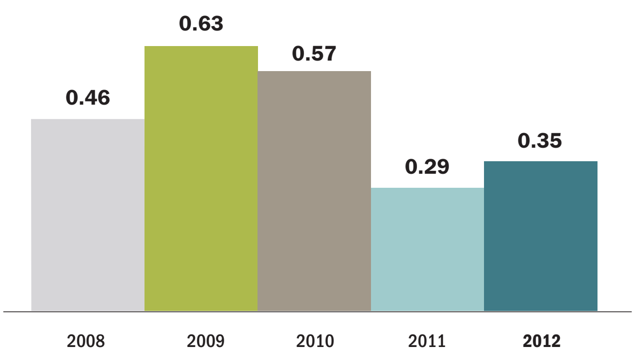
This decrease was partially offset by a rise in the stock price at 31 December 2012 with respect to the prior year.

The following graph shows the stock price (as of the last day of the 2012)/NNAV ratio from 2008 through 31 December 2012.

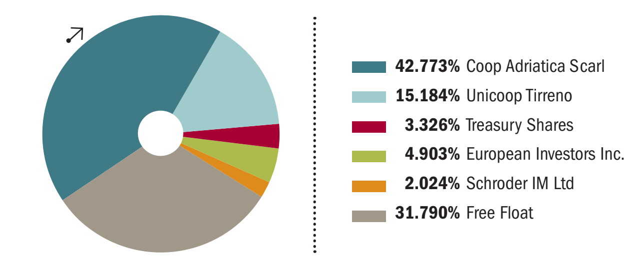
The dividend for 2012 and the second Dividend Reinvestment Option

At the Annual General Meeting on 18 April 2013 IGD's Board of Directors will propose that the shareholders approve a dividend of €0.07 per share, in line with the payout policy outlined in the 2012-2015 Business Plan which indicates this level as the lowest in the four-year period. The yield of the dividend proposed for 2012 based on the share price at the end of December 2011 of €0.73 is 9.6%. The Board of Directors will also propose that the shareholders approve a capital increase to service a new Dividend Reinvestment Option, similar to the one offered in 2012.

SHARE PRICE/NNAV



MAIN SHAREHOLDERS



Source: Notices received pursuant to Articles 120 and 122 of TUF

Shareholders' Agreements

In 2012, precisely on 12 June, 2 July and 11 December, Coop Adriatica e Unicoop Tirreno updated the shareholders' agreement, deemed relevant for the purposes of Art. 122 of TUF, following exercise of the Dividend Reinvestment Option, the extension of the agreement's duration through 30 June 2013 and following the purchase of shares by Unicoop Tirreno.

The current agreement involves 187,567,741.00 ordinary shares or 56.834% of the Company's share capital (syndicated shares); of which 168,312,894.00 or 51% of the share capital are bound by a voting block; the remaining shares are considered free shares.

Coop Adriatica currently holders 42.773% of the share capital, and Unicoop Tirreno 15.184%.

Investor Relations

In 2012 IGD continued to provide transparent and timely financial communication while fostering an open dialogue with analysts and investors, even though the negative perception of Italy which dominated certain periods of the year did not encourage the organization of a greater number of roadshows.

IGD is covered by a qualified independent research firm and 8 brokers, four domestic and four international.

In 2012 IGD organized five conference call presentations:

- 8 March, to discuss the FY 2011 results;
- 10 May, to discuss the results for first quarter 2012;
- 28 August, to discuss results for first half 2012;
- 3 October, to discuss the 2012-2015 Business Plan
- 8 November, to discuss the results for the first nine months of 2012.

Thanks to the collaboration of 4 different brokers, roadshows were organized in the four main European financial centers; more in detail, in 2012 IGD's management participated in two different roadshows in Paris and in London, as well as in Amsterdam and once in Brussels.

On 27 March 2012 the Company also participated in the STAR Conference organized by Borsa Italiana in Milan, as well as in important events organized by brokers which included Intermonte's "Outlook 2012" held in June in Milan, the SoGen European Real Estate Conference which was held in October in London, as well as Intermonte's "Large & Mid Cap Event" held in Paris at the end of October.

IGD also hosted professional investors in Bologna during 'reverse roadshows' and organized field trips so that they could visit a few of the portfolio properties.

In 2012 work continued on rendering the Company's website a more relevant and effective tool in the dialogue with the financial community: the improved rank received in the Italian Webranking, carried out each year by KWD, which examines the quality of the online communication of some 100 listed companies. IGD, which was ranked 53rd in 2009, rose quickly to 41st in 2010 , 27th in 2011 and to 23rd in 2012. No company that capitalizes less than IGD is ranked higher.

The commitment to making the website www.gruppoigd.it a more complete and functional tool did not only receive external recognition: the traffic statistics, which show a gradual increase of the total number of users and of unique user visitors, are testimony to how IGD used the web to offer greater and more accessible information. In the twelve months of 2012 the users increased 21% with respect to the cumulative figure in the 12 months of 2011, thanks to the noticeable increase in foreign users: in 2011 the number of US user represented 1.5% of the total, versus 9.7% in 2012.

2012 was the fifth year in which the quarterly investor newsletter, made available on the website in Italian and in English just after the Board of Directors' 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, the IR Board Report continued to be prepared and presented on a regular basis when the BoD approved period results, in order to:

- provide an update on the main communication activities carried out and the meetings held by top management and the IR team with investors,
- share the changes in brokers' consensus and estimates,
- compare IGD's multiples those of its peers,
- monitor the movements of the institutional shareholders.

Financial Calendar 2013

28 February
Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2012.

18 - 19 April
Annual General Meeting, in first and second call, respectively. Approval of the financial statements at 31 December 2012.

9 May
Board of Directors' meeting to examine the Interim Management Statement at 31.03.2013.

7 August
Board of Directors' meeting to examine the Half-year Financial Report at 30.06.2013.

7 November
Board of Directors' meeting to examine the Interim Management Statement at 30.09.2013.

2.4 Significant Events

Corporate events

8 March 2012

On 8 March 2012 the Board of Directors approved the draft separate and consolidated financial statements for FY 2011 and proposed a dividend of €0.08 per outstanding share.

With a view to strengthening the Company's capital structure the Board of Directors also decided to propose that the shareholders approve a capital increase excluding pre-emption rights which will give those shareholders, coupon holders entitled to receive the 2011 dividend, the possibility to reinvest a part, not to exceed 80%, of their gross dividend in IGD. This transaction, in line with the widespread practice adopted by a number of European REITs, gives dividend recipients the possibility to reinvest in IGD and IGD to recapitalize itself.

11 April 2012

On 11 April 2012, the extraordinary shareholders' meeting of the subsidiary Immobiliare Larice S.r.l., with registered office in Ravenna (RA), Via Villa Glori n. 4, and headquarters in Bologna, Via Trattati Comunitari Europei 1957-2007 n. 13, resolved to change the company's name to IGD MANAGEMENT S.r.l..

19 April 2012

During the Annual General Meeting held on 19 April 2012, IGD' s shareholders approved the FY 2011 financial statements, as presented during the Board of Directors' meeting held on 8 March 2012 and resolved to pay a dividend equal to €0.08 per share, an increase of 6.7% with respect to the €0.075 paid in the prior year.

During the ordinary AGM shareholders also renewed the authorization granted to the Board of Directors to buy and sell treasury shares on one or more occasions up to the maximum permitted by law, to undertake trading and hedging transactions and to invest liquidity to allow for the use of treasury shares in transactions related to current operations and business projects in accordance with the strategic guidelines pursued by the Company, in relation to which opportunities arise to exchange, swap, contribute or otherwise dispose of said shares; the authorization to purchase treasury shares will be effective for eighteen months as from the shareholders' approval of 19 April 2012, while there is no time limit on the authorization to dispose of the shares. The purchases must be done in accordance with Art. 132 of Legislative Decree 58/1998, Art. 144-*bis* of the Regulations for Issuers, and any other applicable regulation, as well as the market practices recognized by Consob and must be done in accordance with Art. 5, par. 1 of the European Commission's Regulation n. 2273/2003 of 22 December 2003.

The ordinary AGM also appointed the new Board of Directors and the new Board of Statutory Auditors who will remain office through the Annual General Meeting called to approve the financial statements at 31 December 2014. IGD's new Board of Directors, in anticipation of laws which introduce quotas in order to promote gender equality in administrative and control bodies, now includes 3 female directors. IGD's new Board of Statutory Auditors also includes female members in anticipation of the laws which introduce gender quotas.

The extraordinary AGM also approved the proposal to increase share capital for cash, pursuant to Art. 2441, fourth paragraph, second sentence, of the Italian Civil Code, excluding pre-emption rights, by up to 10% of the Company's pre-existing share capital. The capital increase is reserved exclusively for those entitled to receive the dividend paid for 2011.

The Dividend Reinvestment Option calls for:

- an increase in the share capital of up to a maximum of 80% of the 2011 dividend and, therefore, equal to €19,089.451, through the issue of ordinary shares without any stated nominal value with dividend rights;
- the capital increase may be subscribed exclusively by 2011 dividend recipients who may reinvest up to 80% of their gross dividend;
- the subscription price of the new shares will be set by the Board of Directors closer to the offer launch date based on the criteria established by the shareholders and will be equal to the average stock price recorded during the eight trading sessions prior to the launch date adjusted by (i) subtracting the amount of the 2011 cash dividend and (ii) applying a discount of a maximum of 10% and will not, at any rate, be less than €0.62 (arithmetic average of the stock's official closing price recorded in the three month period prior to 8 March 2012 adjusted by subtracting the 2011 dividend payment and applying a discount of up to a maximum of 12%).

The extraordinary AGM also approved amendments of Articles 16 (Board of Directors) and 26 (Board of Statutory Auditors) of the corporate bylaws in order to comply with Law n. 120 of 12 July 2011 n. 120 relating to equal gender opportunities within the administrative and control bodies of listed companies, as well as the amendment of Art. 6 (Share Capital, Shares, Bonds) of the corporate by-laws relating to (i) granting the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the power to increase share capital, excluding pre-emption rights, by up to 10% of the pre-existing share capital, pursuant to Art. 2441, fourth paragraph, second sentence, of the Italian Civil Code and to (ii) eliminating the stated par value of the Company's ordinary shares.

After the Annual General Meeting was adjourned, a meeting was held of IGD's new Board of Directors, appointed for the period 2012 - 2014, which confirmed Gilberto Coffari and Claudio Albertini as Chairman of the Board of Directors and Chief Executive Officer, respectively. Sergio Costalli was confirmed as Vice Chairman of the Board of Directors. The Board confirmed the pre-existing powers, recognizing the same powers granted to the Chairman Gilberto Coffari and the Chief Executive Officer Claudio Albertini during the prior mandate.

The Board of Directors also appointed the Nominations Committee, the Compensation Committee, the Internal Control Committee, the Chairman's Committee, the Committee for Related Party Transactions, the

Lead Independent Director and the Supervisory Board, who will remain in office through the expiration of the Board of Directors' term.

16 May 2012

On 16 May 2012 Consob authorized publication of the Registration Document, the Informative Note on the Financial Instruments and the Summary Note relative to the public offering, reserved for those entitled to receive the dividends paid on IGD - Immobiliare Grande Distribuzione SIIQ S.p.A. ("IGD")'s ordinary shares for FY 2011, to subscribe a capital increase, excluding pre-emption rights, of up to a maximum of the 10% of the Company's pre-existing share capital, pursuant to Art. 2441, par. 4 (2) of the Italian Civil Code, as resolved during IGD's Annual General Meeting on 19 April 2012, for an amount not to exceed 80% of the distributable dividends or €19,089,451.

17 May 2012

On 17 May 2012 IGD's Board of Directors determined the definitive conditions of the capital increase reserved for 2011 dividend recipients (the Dividend Reinvestment Option) based on the criteria established during the Annual General Meeting held in extraordinary session on 19 April 2012:

- the issue of a maximum of 29,827,267 ordinary shares without a stated par value, with dividend rights, which will rank pari passu with existing shares, to be offered in subscription to the 2011 dividend recipients, at a price of €0.64 per share, and charged entirely to share capital for up to a maximum of €19.089.450,88.
- the exchange ratio was set at one new ordinary share for every 10 ordinary shares on which the 2011 dividend was paid.

Following the capital increase, the conversion price of the convertible bond loan *"EUR 230,000,000 3.50 per cent. Convertible Bonds due 2013"* was changed, in accordance withe Art. 6(vi) of the Convertible Bond Loan Regulations, from €2.75 to €2.7257, effective as of the day on which the new shares are issued.

The offer period began on 21 May 2012 and ended on 1 June 2012. In this period a total of 20,776,022 newly issued ordinary shares of IGD were subscribed, or 69.654% of the shares offered, for a total of €13,296,654.08.

Upon completion of the offer IGD's new share capital amounts to €322,545,915.08 broken down into 330,025,283 ordinary shares without a stated par value.

12 June 2012

On 12 June 2012, 2 July 2012 and 11 December Coop Adriatica and Unicoop Tirreno updated the shareholders' agreement following exercise of the dividend reinvestment option, the extension of the agreement's duration through 30 June 2013 and following the purchase of shares by Unicoop Tirreno

Coop Adriatica currently holders 42.773% of the share capital, and Unicoop Tirreno 15.184%.

2 October 2012

On 2 October 2012 IGD's Board of Directors examined and approved the new 2012 – 2015 Business Plan which is focused on the sustainability of the Group's revenue, financing costs, and asset value. For more information please refer to paragraph 2.1.

1

2

Investments, commercial agreements and financing

In 2012 the restyling of **Centro ESP** in Ravenna was completed for a total investment of approximately €3 million, which gave a new life to the 15-year old structure: today the general environment appears more comfortable and neat, as well as more appealing and able to welcome visitors in a space which reflects IGD's "Spaces to be live in" philosophy; the project involving this shopping center also calls for expansion of the existing building which will increase the GLA from 28,574 to 47,700 m^2 for which IGD submitted all the requests for authorization in 2012 and hopes to end the application process before the end of 2013. The favorable conditions at which IGD renewed the contracts for the restyled spaces is testimony not only to the validity of the project to update the existing structure, but validate the choice made to begin the restyling before the authorization was received for the expansion.

Work began in December 2012 on the mall in **Centro d'Abruzzo,** in the province of Chieti. According to the schedule, the restyled areas should be completed between August and October 2013 while the expansion of thirty some stores – already authorized – should be completed by March 2014 bringing the total GLA to approximately 3,300 m^2. As a result of the overlapping of the two interventions, the restyling will be completed in time to benefit the sales for Christmas 2013 and the new additional space by Easter 2014.

With regard to the midsize stores that will increase the size of the **Porto Grande** center, in the province of Ascoli Piceno, between November and December 2012, IGD has obtained the relative permits. The total GLA will be increased from 23,387 to 28,387 m^2. The work will begin in the first part of 2013 and be completed in the first half of 2014.

Through the subsidiary **Porta Medicea,** work also continued in 2012 on the **Piazza Mazzini** area (residential and commercial) for a total in the year of some €12.7 million. In 2012 the pre-letting of the residential units continued, for a total of 18 units which will be delivered and closed by year-end 2013. By year-end the sale of the commercial area of the lower Mazzini section should also begin. This area consists of a supermarket and 30 stores, all located on the ground floor above which apartments have been built.

Lastly, the urbanization works on the retail park in **Chioggia** continued for a total of some €848 thousand. The new complex of 18,343 m^2 will include a hypermarket, 8 midsize stores and 8 points of sale. The inauguration should take place in the second half of 2014.

In 2012 extraordinary maintenance amounting to approximately €1.7 million was completed in Romania relating primarily to the restructuring of the facades of 2 centers, as well as refurbishment inside the centers.

In 2012 Winmarkt continued with its new openings which included a new Carrefour supermarket in Braila and a new Billa supermarket in Galati, confirmation of the consolidated partnership with these primary grocery chains. With these last openings, the Winmarkt now has 8 Carrefour and 2 Billa points of sale.

Agreements were also reached with Hennes & Mauritz for the opening of three H&M stores in Buzau, Galati and Tulcea.

The first opening should take place in spring 2013 in the freehold shopping center located on the main square of Buzau. The two level store will cover a total area of 1,510 m^2.

The store in Galati, found in the center of the city – on two floors – will cover a total area of approximately 1,600 m^2 and will be open to the public in spring 2014.

3 AFTER

5 AFTER

7 AFTER

4 BEFORE


6 BEFORE


8 BEFORE


The store in Tulcea, found on the main square – on two floors – will cover a total area of approximately 1,500 m^2 and will be open to the public in 2015.

These agreements represent the continuation of the partnership with Hennes & Mauritz which will introduce a successful, international fashion brand in the historic centers of several midsize Romanian centers where the Winmarkt Shopping Centers are located.

In March 2012 a €30 million loan agreement was signed with Intesa San Paolo S.p.A., which took effect immediately. More in detail, the agreement is for a 5 year collateralized mortgage line of credit indexed to the three month Euribor with a spread of 310 bps. This line of credit made it possible to reduce short term exposure.

On 3 April 2012 IGD Management s.r.l. (formerly Immobiliare Larice), exercised the call option provided for under the agreements stipulated and purchased the 20% interest in Porta Medicea S.r.l held by Cooperare S.p.A..

As of that date the shareholders of Porta Medicea are IGD Management s.r.l., with 80%, and Finparco, a CMB Group company, with 20%.

In first half 2012 the lease purchase option relative to the shopping center in Rovereto provided for in the leases held with Hypo Tirol Leasing Spa was exercised.

On 5 November 2012 IGD signed a loan agreement for a total of €18 million with Mediocredito Italiano S.p.A. (Gruppo Bancario Intesa Sanpaolo), which goes into effect immediately.

The agreement is for a 5 year mortgage loan indexed to the six month Euribor with a spread of 365 bps. The facility provides for draw downs typical of similar financing.

IGD also exercised the term out option on the loan with Cassa di Risparmio del Veneto S.p.A. *(Gruppo Bancario Intesa Sanpaolo),* extending the maturity of the original €30 million mortgage loan to 1 May 2014 at the six month Euribor with a spread of 310 bps and renegotiated the conditions of the mortgage guaranteed by a lien on the "Darsena" property in the name of both (50/50) IGD and Beni Stabili S.p.A. SIIQ and extended the maturity to 30 November 2014.

1,2. Livorno Porta a Mare, work in progress of **Piazza Mazzini**
3,4. **Esp Shopping Center** in Ravenna before and after the restyling recently complete
5,6. **Modern Shopping Center** in Galati Romania before and after the restyling
7,8. **Somes Shopping Center** in Cluj Napoca Romania before and after the restyling

2.5 The Market Scenario

2.5.1 The Real Estate Market

→ The global market conditions

In 2012 the recession of the Italian economy begun in the second half of 2011 continued.

Beginning in fourth quarter 2011, the GDP fell for 5 consecutive quarters ultimately falling -2.7% in fourth quarter 2012.

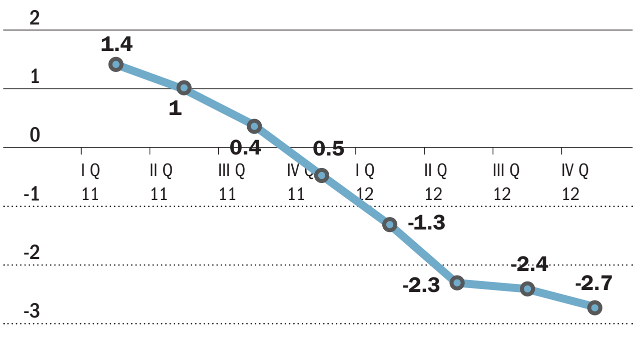
The preliminary GDP estimate for 2012 is -2.2% with respect to 2011. Based on the Bank of Italy's Bulletin n°71, GDP will also remain weak throughout 2013; improvement is expected to be seen beginning in 2014. During the first three quarters of 2012 the consumer price index rose 3.1% and then began to fall in fourth quarter 2012 reaching +2.3% in December (Source ISTAT).

The average rate of inflation in 2012 was 3.0% (SOURCE ISTAT).

The unemployment rate continued to rise beginning in December of last year reaching +11.1% in December 2012.

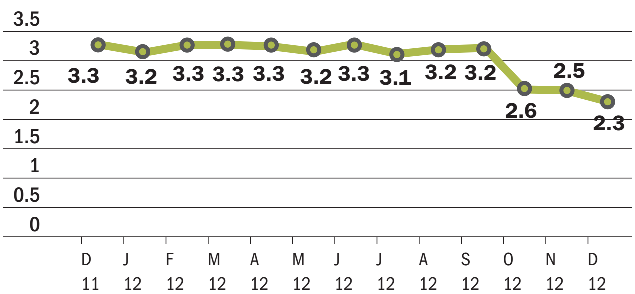
Household spending dropped further, for the sixth consecutive time, in third quarter 2012 (-1.0 %), in all categories, but durable goods were particularly hard hit (-2.0%). The yearly figure for household consumption fell by 4% (Source: Confcommercio). The consumer habits reflect the prolonged weakness of the purchasing power of Italian families; disposable income fell 4.3% on average in the first three quarters of 2012 with respect to the prior year. Consumer confidence is also at historic lows (Source: Bulletin 71 – Bank of Italy).

GDP



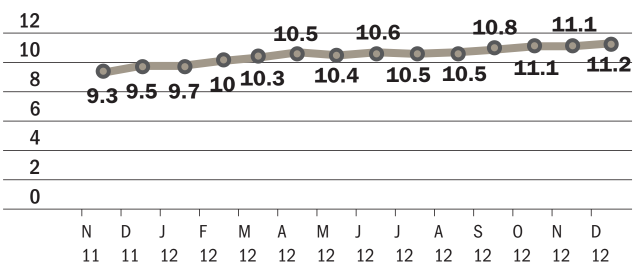
Source: ISTAT data

2012 CONSUMER PRICE



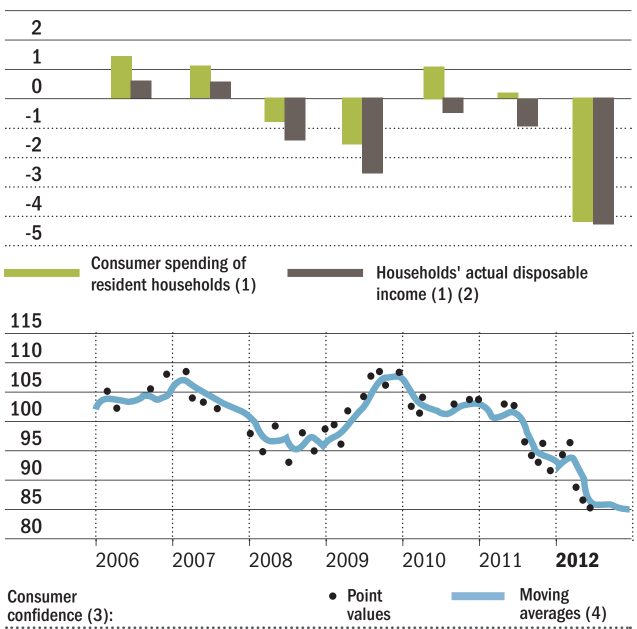
Source: ISTAT data

UNEMPLOYMENT IN ITALY



Source: ISTAT data

CONSUMPTION, INCOME AND CONFIDENDE OF ITALIAN CONSUMERS



Percentage changes and index numbers.
Source: Bulleting 71 – Bank of Italy, calculations and estimates on ISTAT data

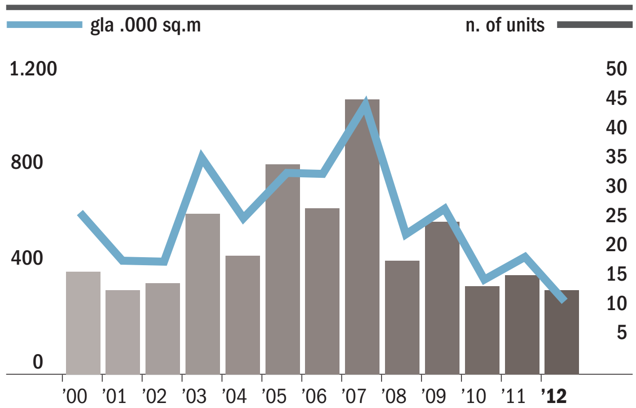
(1) linked quantities and prices: percentage change over the previous year. Up to 2010 annual data, the figure for 2011 refers to the percentage change in the average of the first nine months over the same period of 2010.
(2) includes the income of consumer households, of producing families and non-profit 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

The real estate market

The stock

At the end of 2012 the stock of retail shopping areas reached a GLA of 16.4 million m^2, an increase of + 3% with respect to 2011. At the same date, the shopping centers represent approximately 90 % of the total stock, retail parks about 7% and factory outlets about 3%.

NEW COMPLETED SHOPPIN CENTER IN ITALY, SQM GLA AND NUMBER OF UNITS



Source:C BRE

In 2012 the average density of all retail formats in Italy rose further, reaching 276 m^2/1000 inhabitants.

This figure reflects the increased area of shopping centers with a GLA of more than 10,000 m^2 which materialized primarily in fourth quarter 2012.

Real estate investments and the pipeline

Development in 2012 slowed with respect to the prior year, dropping 24% with respect to 2011 (400,000 m^2/GLA). The decrease is smaller is we consider shopping centers alone which fell by - 11.4 %.

The most important openings in 2012 were:

MOST IMPORTANT OPENINGS IN 2012

Name	*City*	*Total GLA (mq)*	*Typology*
Le Officine	Savona	17,500	multifunctional center
Le Terrazze	La Spezia	38,600	shopping center
Conca d'Oro	Palermo	54,900	shopping center
La Cartiera	Napoli	-	shopping center
Corridomnia	Macerata	-	retail park
I Gigli	Firenze	-	extension with retail park
CC San Giuliano	S.Giuliano Milanese	26,900	shopping center
Città dei Templi	Agrigento	25,900	shopping center
Cilento Outlet Village	Salerno	34,000	outlet village
Castel Romano Shopping Ceter	Roma	22,600	shopping center

Source: CBRE

At the end of December 2012 we estimate that 26 retail projects were under construction in Italy which should be completed by 2015 for a total GLA of 780,400 m^2.

22 (for a total GLA of 716,000 m^2) of the 26 projects were pure shopping centers.

In 2013 we expect to see a slowdown in development activities and an increase in the restyling of existing centers.

The age of a few centers and the need to adapt the spaces to the new market trends will be the driver of this phenomenon, above all for the secondary centers.

When revising layouts and the merchandising mix, the tendency now is reduce the area of the food anchors and increase the offering of non-food products.

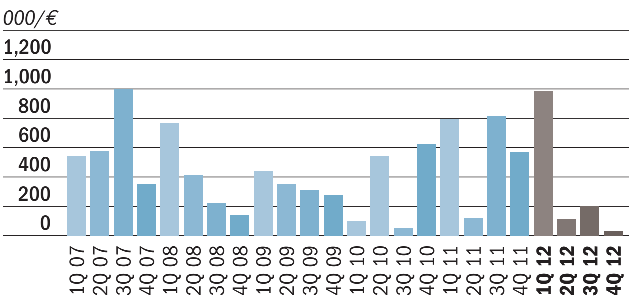
The investments

In 2012 investments in retail real estate totaled €1.345 million, a drop of 42% with respect to 2011. The sale of 49% of Simon Property's interest in GCI to Immoauchan in the first half of 2012, by itself, amounted to approximately €1 billion. (Source: Cushman & Wakefield and CBRE).

The suffering economy and the political uncertainty in Italy continued to keep foreign investors away from the country that looked more at European markets which are traditionally more solid and more liquid like the United Kingdom, France and Germany.

The most important retail transactions in the first nine months of 2012 were:

EVOLUTION OF RETAIL INVESTMENTS



Source: CBRE

MOST IMPORTANT RETAIL TRANSACTIONS IN THE FIRST NINE MONTHS OF 2012	CITY	QUARTER	TOT. GLA (SM.Q)	GROSS PRICE (ML/€)	BUYER
2 retail Galleries	Milan	Q1	4,775	13.0	Carrefour Property Italia
H&M - via Sparano 48	Bari	Q1	4,434	37.0	Private Italian
Ex Emmelunga	Milan	Q1	4,855	11.0	Private italian
Mediaworld Alessandria	Alessandria	Q2	4,850	4.0	Fonciere LFPI
C.C Sidicidium	caserta	Q2	20,687	45.0	P&G Alternative Sgr
Piazzale Siena 5	Milan	Q3	2,132	5.0	Undisclosed Buyer
via del Tritone	Rome	Q3	17,500	130.0	Gruppo La Rinascente
Coin Excelsior	Verona	Q3	-	39.0	Private Italian
C.C. Le Porte di Moncalieri	Moncalieri	Q3	20,051	40.0	Sanda Vadò srl

Source: Cushman & Wakefield

In 2012 international brands continued to be interested in the high street properties found in the most important Italian cities where existing stores underwent restyling and the use of entire buildings was changed (examples: Coin Excelsor, Gap and Banana Republic in Milan; Eataly and Maison Luis Vuitton in Rome; former bank branch on via Strozzi in Florence; former bank on via Mazzini in Verona).

The retailers and yields

With regard to shopping centers, the occupancy rates at centers considered prime and/or with access to prime catchment areas held, while the vacancies at secondary centers rose due to the increase in the time needed to replace tenants which reached 9-12 months.

In 2012 international retailers in the electronics sector Darty and Fnac abandoned the Italian market.

In 2012 the yields rose in all segments of the retail sector. As rents were largely unchanged, the increase is explained primarily by the drop in the market value of the properties in light of reduced projections for sales growth.

Romania

→ Global market conditions

In 2012 the Romanian GDP grew less than expected, closing 2012 at +0.8% versus the +1.2% forecast by the World Bank. Inflation dropped in the first half of 2012 followed by a sudden increase in the second half ending the year with an average yearly rate of inflation of 3.4% (40 bps higher than the National Bank of Romania's forecast which called for inflation of not more than 3%).

The ron/euro exchange rate at 31 December 2012 was 4.43.

The unemployment rate rose in the first half peaking between May and June 2012; in the second half the trend was inverted and unemployment reached 6.5% in December (European average at December 2012: 11.7%) (Source: Eurostat).

→ Consumer trends and the real estate market

In 2012 the stock of shopping centers (including retail parks and outlets) reached a GLA of 2.7 million m^2.

There were six new openings. The most important ones include Cora rahova, Cangrasi Shopping Center and InterCora Mihai Bravu in Bucharest alone, along with Ploiesti Shopping City in Ploiesti.

At the end of 2012 the pipeline under construction amounted to approximately 160,000 m^2 and at the end of 2013 the total stock is expected to reach a GLA of more than 2.8 million m^2.

The new openings programmed for 2013 include Coresi Shopping City – phase 1 (Brasov), AFI Ploiesti, Promenada Mall (Bucharest), Uvertura Mall (Botosani), Corall (ConstanzA) and Cora Slobozia.

Over the next few years the construction projects will be concentrated primarily in the capital, Bucharest and Brasov, Costanza, Ploiesti, Slobozia which, despite their size, are not among the top ten Romanian cities for density of m^2 retail/1,000 inhabitants. (Source: CBRE).

In 2012 the prime yields and prime rents for shopping centers were largely unchanged with respect to the prior year coming in at 8.75% and €600/m^2, respectively, testimony to the market stability achieved.

Higher yields, but in line with the end of last year, for the on-street locations in Bucharest where prime yields reached 10.25% and rents €840/m^2.

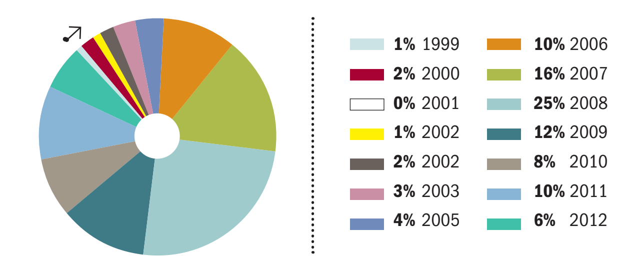
In 2012 the large international fashion retailers like C&A, H&M, Inditex brands, New Yorker, Deichmann (clothing), Penny market, Profi, Lidl, Mega image, Carrefour Express (food), as well as Domo, Altex and Flanco (electronics) continued with their development campaign.

The new brands that opened in Romania in 2012 included the fast food chain Subway; CCC , Polish footwear chain; Oodji, a Russian clothing chain.

With regard to luxury brands, Escada and Burberry, as well as Roberto Cavalli, in the last quarter of 2012, chose to occupy prestigious spaces in the lobbies of five star hotels.

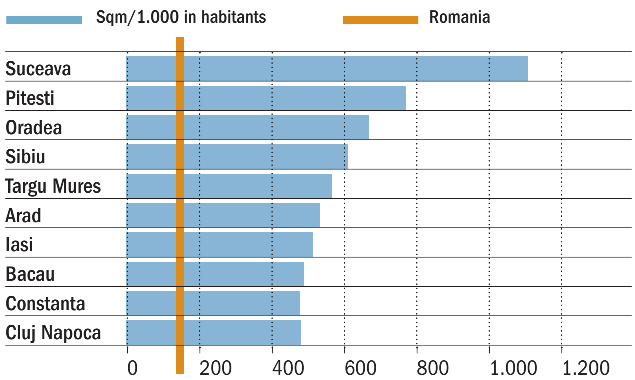
In 2012 three international chains which entered the Romanian market several years ago closed their operations: Burger King (franchise); Kiabi (direct management) and InterEX (direct management).

NEW COMPLETIONS PER YEAR 1999 TO 2012



Source: CBRE Research

RETAIL STOCK PER 1,000 INHABITANTS TOP 10 2012



Source: CBRE Research

MONDOVICINO SHOPPING MALL AND RETAIL PARK

Mondovì - Cuneo

Opening 2007

Mall GLA sq.m 7,318

Retail park GLA sq.m 9,660

2,287,529 visitors in 2012

CENTRAL SHOPPING CENTER

Vaslui

Expansion/Restyling 2006

GLA shopping center sq.m 3,728

2,184,248 visitors in 2012

2.5.2 The Real Estate Portfolio

At 31 December 2012 the IGD Group's real estate portfolio consisted primarily of commercial (retail) properties located throughout Italy and Romania and of assets under construction which are part of real estate development initiatives underway in Italy.

The IGD SIIQ SPA Group's real estate portfolio was appraised, as in the last 4 semesters, by independent experts CBRE and REAG Advisory.

The market value of the IGD Group's real estate portfolio at 31 December 2012 was €1,906,560,000 and includes the following classes of property:

- **Hypermarkets and supermarkets**, 19 properties with a total GLA of 227, 800 m^2, found in 8 regions in Italy;
- **Malls and retail parks**, 19 properties with a total GLA of 252,500 m^2, found in 11 regions in Italy;
- **City center**, commercial properties located along the main shopping streets of urban centers;

At 31 December 2012 this class of property comprises a single real estate complex located in downtown Bologna with a GLA of 2,350 m^2;

- **Other**, seven properties pertaining to freehold shopping centers or office units with a total GLA of 3,140 m^2;
- **Assets held for trading**, a real estate complex under construction which involves a multi-purpose project with covering an area of approximately 70,000 m^2 located near Livorno's waterfront;
- **Development and plots of land**, four areas found throughout Italy which are to be used for future expansion and/or new retail projects with a future total GLA or approximately 49,750 m^2;
- **Winmarkt** - a portfolio of properties used primarily for retail purposes found throughout Romania, but not in Bucharest, with a total GLA of approximately 87,300 m^2.

The appraisals of IGD SIIQ SPA's portfolio are split between CBRE and REAG, based on percentage of FV, as follows:

PROPERTY CATHEGORY	% PORTFOLIO	APPRAISER
Hypermarket and supermarket	13.28%	CBRE
	14.96%	REAG
Shopping malls and RP	29.34%	CBRE
	23.30%	REAG
City Center	1.45%	CBRE
Other	0.33%	CBRE
	0.03%	REAG
Asset held for trading	5.72%	CBRE
Development and lands	1.69%	CBRE
	0.56%	REAG
Winmarkt (Romania)	9.33%	CBRE
	100.00%	
TOTAL	**61.15%**	**CBRE**
	38.85%	**REAG**
	100.00%	

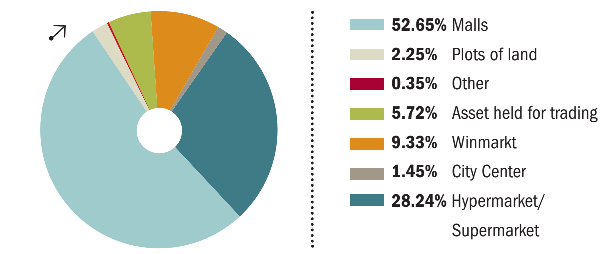
The following table shows the fees paid to the companies who appraised the properties, in addition to all other compensation for services rendered by the latter or their networks.

FEES AS AT 31 DECEMBER 2012		€/000
CBRE Valuation SPA	Fees for appraisals	219.4
	Consulting work relative to Porta a Mare	60
	Total compensation	**279.4**
CBRE SPA	Fees for appraisals	0
	Other compensation	7.5
	Total compensation	**7.5**
REAG Advisory Group Spa	Fees for appraisals	149
	Other compensation	6.6
	Total compensation	**155.6**
REAG Tekna srl	Fees for appraisals	0
	Other compensation	131.8
	Total compensation	**131.8**

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

The IGD Group's real estate portfolio at 31 December 2012 is unchanged with respect to 31 December 2011 and, based on fair value, can be broken down as follows:

PORTFOGLIO BREAK DOWN 31/12/2012

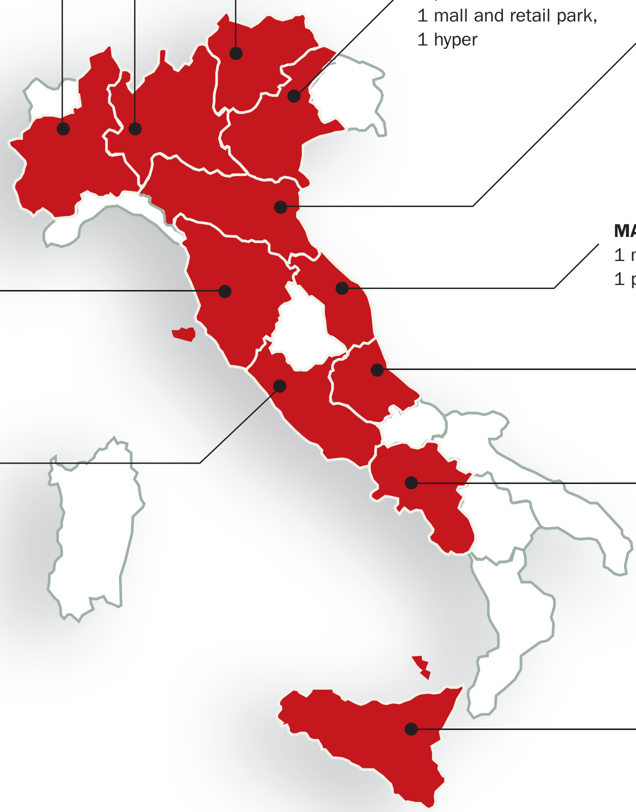


Italy

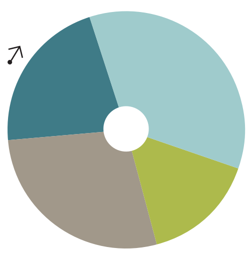
IGD's properties in **Italy** total 51 (including the 50% of the "Darsena" Shopping Center) and can be broken down by class of property as follows:

- **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**

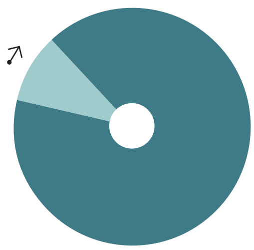
The breakdown of the properties by region and geographical area is shown below:



BREAKDOWN BY GEOGRAPHIC AREA IN ITALY 31/12/2012



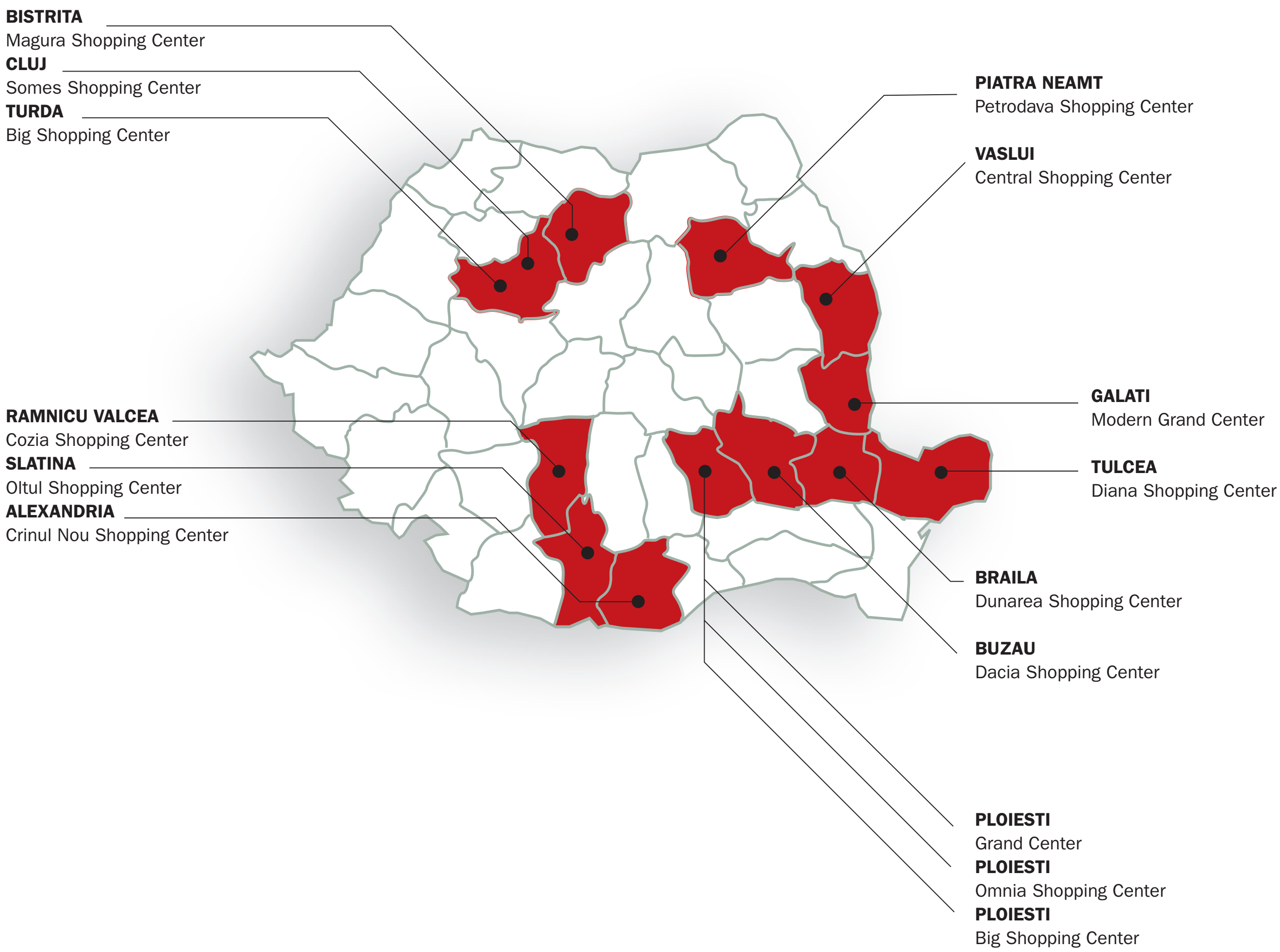
PORTFOLIO BREAKDOWN ITALY AND ROMANIA 31/12/2012



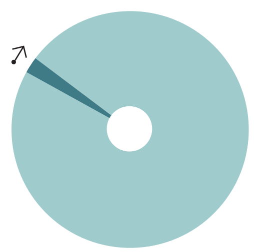
Romania

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

- **15 shopping centers**
- **1 office building**

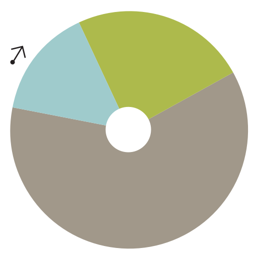


ROMANIAN PORTFOLIO BREAKDOWN 31/12/2012



2.4% Offices
97.6% Retail

BREAKDOWN BY GEOGRAPHIC AREA IN ROMANIA 31/12/2012



15% X<=100,000 h
24% 100,000 h<X<=200,000 h
61% X>=200,000 h

Italy

The following tables provide the principal data relative to the real estate portfolio in Italy and Romania managed by the IGD Group:

SHOPPING CENTER	LOCATION	GLA GALLERIA (M^2)	OTHER (M^2)	OWNER	DATE OPENED	DATE EXPANSION/ RESTYLING	% OWNED
Shopping Mall Mondovicino	Mondovì (CN)	7318	//	IGD SIIQ SPA	2007	//	100
Retail Park Mondovicino	Mondovì (CN)	9660	//	IGD SIIQ SPA	2007	//	100
Shopping Mall Bricchi	Isola d'Asti (AT)	16239	//	IGD SIIQ SPA	2009	//	100
Shopping Mall Sarca	Sesto S. Giovanni (MI)	22637	//	IGD SIIQ SPA	2003	//	100
Shopping Mall Gran Rondò	Crema (CR)	11469	//	IGD SIIQ SPA	1994	2006	100
Shopping Mall Millennium	Rovereto (TN)	6994	674	IGD SIIQ SPA	2004	//	100
Conè Shopping Center	Conegliano (TV)	12146	//	IGD SIIQ SPA	2010	//	100
Retail Park Conè	Conegliano (TV)	5961	//	IGD SIIQ SPA	2010	//	100
Shopping Center Borgo	Bologna (BO)	7074	//	IGD SIIQ SPA	1989	2005	100
Shopping Center ESP	Ravenna (RA)	12038	3200	IGD SIIQ SPA	1998	2012	100
Shopping Center Le Maioliche	Faenza (RA)	21717	2374	IGD SIIQ SPA	2009	//	100
Shopping Center Lungo Savio	Cesena FC)	2908	//	IGD SIIQ SPA	2002	//	100
Hypermarket I Malatesta	Rimini (RN)	11390	//	IGD SIIQ SPA	2005	//	100
Shopping Center Fonti del Corallo	Livorno (LI)	7313	//	IGD SIIQ SPA	2003	//	100
Shopping Center Porto Grande	Porto d'Ascoli (AP)	8097	//	IGD SIIQ SPA	2001	//	100
Shopping Center d'Abruzzo	San Giovanni Teatino (CH)	13276	//	IGD SIIQ SPA	2001	2013 (in corso)	100
Shopping Center Tiburtino	Guidonia Montecelio (RM)	33419	//	IGD SIIQ SPA	2009	//	100
Shopping Center Casilino	Roma (RM)	5515	//	IGD SIIQ SPA	2002	//	100
Shopping Center Le Porte di Napoli	Afragola (NA)	11383	//	IGD SIIQ SPA	1999	2008	100
Shopping Center La Torre	Palermo (PA)	14412	//	IGD SIIQ SPA	2010	//	100
Shopping Center Katanè	Gravina di Catania (CT)	14912	//	IGD SIIQ SPA	2009	//	100
Shopping Center Darsena City	Ferrara (FE)	16035	//	IGD SIIQ SPA	2009	//	50
Centro Piave	San Donà di Piave (VE)	11600		CSII SPA	1995	2003	//
Centro Nova	Villanova di Castenaso (BO)	12485		CSII SPA e COPAIN HOLDING SPA	1995	2008	//
Città delle Stelle	Ascoli Piceno (AP)	17000		COOP ADRIATICA SCARL	2002	//	100

FORM OF OWNERSHIP	N. OF POINTS SALE	N. MIDSIZE STORES	PARKING SPACES	MAIN BRANDS	FOOD ANCHOR	GLA FOOD ANCHOR
Freehold property (excluding the hypermarket)	53	2	4500	Jysk, Bata, Librerie Coop	Ipercoop (not owned)	//
Freehold property	2	6	4500	Brico Io, Pittarello, Casa Terra	//	//
Freehold property (excluding the hypermarket)	25	6	1450	Combipel, Deichamann	Il Gigante (not owned)	//
Freehold property (excluding the hypermarket)	80	7	2500	H&M, Piazza Italia, Skyline cinema, Universo Sport, Promenade calzature, Euronics	Ipercoop (not owned)	//
Freehold property (excluding the hypermarket)	38	3	1280	Oviesse, Promenade calzature	Ipercoop (not owned)	//
Freehold property (excluding the supermarket and a portion of the mall)	47	6	900	Game 7 athletics, Oviesse, Trony	Superstore Coop (not owned)	//
Freehold property	58	5	1550	Combipel, H&M, Librerie Coop, Motivi, Scarpe&Scarpe, Stradivarius	Ipercoop	9498
Freehold property	//	4	1550	Cisalfa, Maison du Monde, Euronics	//	//
Freehold property	32	5	1550	Librerie Coop, Marco Polo Expert, C6, Scarpe&Scarpe	Ipercoop	11480
Freehold property	45	6	2456	Deichmann, Game 7 athletics, Librerie Coop, Piazza Italia, Marco Polo Expert, Benetton	Ipercoop	16536
Freehold property	49	8	2400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	9277
Freehold property (excluding the hypermarket)	24	1	850	Benetton, Librerie Coop, Motivi	Ipercoop (not owned)	//
Freehold property (hypermarket + wholesale area + fitness area)	36	3	1500	Euronics, Oviesse	Ipercoop	10232
Freehold property	55	2	1600	Benetton, Oviesse	Ipercoop	15371
Freehold property	36	2	1730	Decathlon, Deichmann	Ipercoop	15290
Freehold property	31	3	1730	Decathlon, Euronics, Librerie Coop, Piazza Italia	Ipercoop	14127
Freehold property	120	11	3800	Azzurra Sport, H&M, Piazza Italia, Obi, Scarpamondo, Tally Weijl, Euronics	Coop	7125
Freehold property	25	3	1260	Euronics, Piazza Italia	Ipercoop	11435
Freehold property	61	5	2650	Euronics, Grillo Sport, Piazza Italia	Ipercoop	17248
Freehold property	58	5	1700	Marco Polo Expert, Scarpe&Scarpe, Piazza Italia, Combipel	Ipercoop	11217
Freehold property	70	6	1320	Benetton, Combipel, Piazza Italia, Euronics, H&M	Ipercoop	13663
Owner of 50%	30	2	1320	Deichmann	Despar	3715
Master Leasing	48	5	1500	Benetton, Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe	Ipercoop	15800
Master Leasing	55	7	2400	H&M, Librerie Coop, Bershka, Pittarello, Benetton	Ipercoop	18188
Beneficial interest	46	10	2200	Brico Io, Game 7 athletics, Piazza Italia, Non solo sport, Marco Polo Expert	Ipercoop	12935

Romania

SHOPPING CENTER	LOCATION	GLA SHOPPING CENTER M2	NET SELLING AREA	CIRCULATION (M2) RENTED	RENTED WARE-HOUSE/OFFICE	OWNER	DATE OPENED
OMNIA	PLOIESTI	7,593	6,443	769	380	Win Magazin SA	1974
GRAND CENTER	PLOIESTI	9,829	9,485	-	344	Win Magazin SA	1986
BIG	PLOIESTI	4,110	2,634	522	954	Win Magazin SA	1976
MODERN	GALATI	7,640	6,758	417	466	Win Magazin SA	1973
COZIA	RAMNICU VALCEA	7,862	7,364	295	203	Win Magazin SA	1973
PETRODAVA	PIATRA NEAMT	5,838	4,516	447	875	Win Magazin SA	1985
DUNAREA	BRAILA	6,898	6,167	238	493	Win Magazin SA	1978
DACIA	BUZAU	5,354	4,837	70	447	Win Magazin SA	1975
DIANA	TULCEA	3,790	3,316	207	267	Win Magazin SA	1972
SOMES	CLUJ NAPOCA	6,883	5,292	105	1,487	Win Magazin SA	1983
MAGURA	BISTRITA	4,838	4,284	93	462	Win Magazin SA	1984
CRINUL NOU	ALEXANDRIA	3,321	3,096	60	165	Win Magazin SA	1978
OLTUL	SLATINA	4,522	3,454	27	1,041	Win Magazin SA	1975
CENTRAL	VASLUI	3,728	3,676	35	17	Win Magazin SA	1973
BIG	TURDA	2,623	2,615	8	-	Win Magazin SA	1981
TOTAL MALLS		**84,829**	**73,937**	**3,293**	**7,601**		
JUNIOR	PLOIESTI	2,464	2,155		309	Win Magazin SA	
TOTAL		**87,293**	**76,092**	**3,293**	**7,910**		

DATE OF EXPANSION/RESTYLING	AREA OF EXPANSION	% OWNED	FORM OF OWNERSHIP	N. OF POINTS OF SALE	N. OF MIDSIZE STORES	PARKING	MAIN BRANDS
2012		100	Freehold property	84	//		Leonardo, Jolidon, House of Art, Banca Transilvania, KFC, Flanco
2012		100	Freehold property	58	//	400	Adidas, Levi's, Domo, Vodafone, Carrefour Market, Samsonite
2013		100	Freehold property	95	//		Banca Transilvania, Carrefour Market
2005		100	Freehold property	60	//		Domo, B&B, Sevda, Jolidon, Levi's, Manas, Leonardo
2004		100	Freehold property	45	//		B&B Collection, House of Art, Fox, Leonardo, Jolidon, dm Drogerie Markt, Domo
2004		100	Freehold property	70	//		Sensiblu, B&B Collection, Billa, Leonardo
2004		100	Freehold property	46	//		B&B, City Pharma, Credit Europe Bank, Leonardo, House of Art, Jolidon, Domo, Vodafone, Sevda, miniMAX Discount
2005		100	Freehold property	26	//		B&B Collection, Leonardo, KFC, Sensiblu, Carrefour Market
2002		100	Freehold property	44	//		B&B Collection, Leonardo, House of Art, Domo, Minimax, Vodafone
2011		100	Freehold property	34	//		Carrefour Market, dm drogerie markt, Leonardo, Big Fitness
2005		100	Freehold property	27	//		Carrefour, Leonardo, Domo, DM Drogerie Markt, fast-food Pizzamania
2013		100	Freehold property	32	//		B&B Collection, Carrefour Market, Domo, House of Art, Leonardo, Jolidon
2005		100	Freehold property	21	//		Altex, Avenir Telecom, B&B, Jolidon, House of Art, Domo
2006		100	Freehold property	17	//		Electronmedia, B&B Collection, Leonardo, Jolidon Import Export, Domo Retail
2007		100	Freehold property	7	//		ILEX, Robest, Leonardo, Altex
		100	Freehold property				

Italy

→ Analysis by property class

2012 was characterized by the persistent financial instability of the Euro zone countries and of Italy, in particular. The real estate appraisals were influenced by the general conditions of the domestic market which for all of 2012 was characterized by recession, declining consumption and rising fiscal pressure (increase of the municipal portion of the IMU rates).

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 hypermarkets and supermarkets were valued at 31 December 2012 by the appraisers CBRE and REAG based on the following percentages of FV:

PROPERTY CATHEGORY	% PORTFOLIO	APPRAISER
Hypermarket and supermarket	47.01%	CBRE
	52.99%	REAG
	100.00%	

The total value of this class of property at 31 December 2012 reached €538,420,000, an increase of +0.15% with respect to 31 December 2011.

The increase in market value is attributable primarily to the stable revenue streams that this property class offers. The average yield reached 6.59%, an increase of 0.23% with respect to 31 December 2011 due to the expiration of a few lease clauses relative to newly opened hypermarkets. The occupancy rate is 100%,

Shopping malls and retail parks

Shopping malls and retail parks were valued at 31 December 2012 by the appraisers CBRE and REAG based on the following percentages of FV:

PROPERTY CATHEGORY	% PORTFOLIO	APPRAISER
Shopping malls and Retail Parks	55.74%	CBRE
	44.26%	REAG
	100.00%	

The market value of this class of property, the perimeter of which did not change in the year, at 31 December 2012 reached €1,003,775,000, a decrease of -2.51% with respect to 31 December 2011, to which the investments made during the year to complete restyling and extraordinary maintenance should be added.

The appraisal was affected mainly by a drop in projected revenue growth over the coming years, along with the increased tax burden (IMU) and the estimated cost of extraordinary maintenance.

The average exit cap rate used in the DCF valuation models at 31.12.2012 rose +0.14% with respect to the prior year, reaching 6.44%.

The average yield at 31 December 2012 was 6.61%, an increase of +0.11% with respect to 31 December 2011.

At 31 December 2012 the financial occupancy rate, the GLA rented, calculated at market rates and expressed as a percentage of the market value of the total GLA rented at market rates, reached 96.29%, a drop of 0.23% with respect to 31 December 2011, due to the increase in vacant space primarily at Mondovicino Shopping Center in Mondovì (CN).

City center

This class of property comprises a complex of properties which are adjacent and connected to one another located in downtown Bologna.

The City Center property was appraised 100% by CBRE. The market value of this class of property at 31 December 2012 amounted to €27,700,000, an increase of 1.47% with respect to 31 December 2011 which is explained by increase in the percentages paid based on sales volumes. The full capacity yields reached 5.4%. The occupancy rate is 100%.

Direct development projects (plots of land)

At 31 December 2012 the class of property "Plots of Land for Development" consisted of four plots of land on which the following commercial projects are underway:

- Chioggia Retail park (VE): retail park with a GLA of 18,343 m^2 which should be completed and opened in 2014.
- Expansion of ESP: extension of the mall in the ESP Shopping Center in Ravenna by a GLA of 19,126 m^2 for which the planning phase and authorization procedure are currently being completely and which should be opened in 2015.
- Extension of Abruzzo: extension of the mall in the Abruzzo Shopping Center in San Giovanni Teatino (CH) by a GLA of 3,300 m^2. Work began in December 2012 and which should be opening in 2014.
- Extension of P.to Grande: extension of the Porto Grande Shopping Center in P.rto d'Ascoli (AP) following the construction of two midsize stores with a GLA of 5,000 m^2 for which the urban works are currently being planned and which should be opening in 2014.

Development projects were valued at 31 December 2012 by the appraisers CBRE and REAG based on the following percentages of FV :

PROPERTY CATHEGORY	% PORTFOLIO	APPRAISER
Development and lands	75.27%	CBRE
	24.73%	REAG
	100.00%	

The total market value of this class of property at 31 December 2012 amounted to €42,910,000, an increase of 0.26% with respect to 31 December 2011 due to the progress of the construction work.

The following table shows the details of the projects underway:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	ESTIMATED INVESTMENT	INVESTMENT at 31.12.2012	% HELD	STATUS
ESP	Expansion	Ravenna	19.126 mq	April 2015	ca. 51 MN/€	16.1 MN/€	100%	waiting for building permits
PORTO GRANDE	Expansion	Porto d'Ascoli (AP)	5.000 mq	May 2014	ca. 9,9 MN/€	3.6 MN/€	100%	waiting to receive second building permit
CENTRO D'ABRUZZO	Expansion	S.Giovanni Teatino (CH)	3.300 mq	March 2014	ca. 16 MN/€	6.5 MN/€	100%	work in progress
CHIOGGIA RETAIL PARK	New retail park	Chioggia (VE)	18.343 mq	2H 2014	ca. 39 MN/€	16.2 NM/€	100%	work in progress

Assets held for trading

The assets of Porta Medicea at 31 December 2012, the developer of the multipurpose project in Livorno, were valued entirely by the independent appraiser CBRE.

The project can be broken down into the following areas:

- Piazza Mazzini (retail, residential and offices) which is expected to open in 2013
- Officine storiche (retail, residential) which is expected to open in 2015
- Molo Mediceo (retail) where work is expected to begin after 2015
- Lips (retail, tourist services, and accommodations) where work is expected to begin after 2015.
- Arsenale (retail and offices) where work is expected to begin after 2015.

The value of this class of assets at 31 December 2012 reached €109,100,000, an increase of 6.54% with respect to the prior year due to the progression of the work on the Mazzini and Officine storiche areas.

The plans for this project are currently being revised which could result in a change in the use of the properties and the timing of the construction.

Other

At 31 December 2012 the class of property "Other" consisted of one store near the supermarket on via Aquileia in Ravenna and offices found inside the P.to Grande hypermarket in Porto D'Ascoli (AP), an office next to the Miralfiore hypermarket, plus a wholesale zone and a fitness area pertaining to the Malatesta Shopping Center in Rimini.

This class of property includes the offices located on the second floor of the Centro Direzionale Bologna Business Park office building, where the IGD Group's headquarters are located, leased to the Hera Group, as well as the offices located on the third and last floor which are leased to Librerie Coop.

In December 2012 the store in via Aquileia - Ravenna and in the store in Pesaro were spun-off to the newly constituted IGD Property SIINQ SPA, owned 100% by IGD SIIQ SPA.

The class of assets Other was valued at 31 December 2012 by the appraisers CBRE and REAG based on the following percentages of FV:

PROPERTY CATHEGORY	% PORTFOLIO	APPRAISER
Other	92.75%	CBRE
	7.25%	REAG
	100.00%	

The market value of this class of property at 31 December 2012 amounted to €6,755,000, a decrease of 1.96% with respect to 31 December 2011.

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 87,300 m^2. The properties are located in 13 cities in Romania (excluding the country’s capital, Bucharest).

Winmarkt was valued at 31 December 2012 entirely by the appraiser CBRE.

The total market value of the 16 properties at 31 December 2012 was €177,900,000, down 0.06% with respect to 31 December 2011.

The 15 shopping malls were valued at 31 December 2012 at €173,600,000, a drop of 0.06%, basically in line with the prior year.

The gross yields of the 15 malls reached 6.72%, a drop of 0.85% with respect to 31 December 2011.

The drop in short term profitability is largely explained by two factors: firstly, the time necessary to complete the fit outs of the newly rented space during which rent is not paid; secondly, the commercial policy implemented by management to increase the appeal of the centers. The focus was, in fact, on letting the space to international retailers for periods longer than the market average using step up mechanisms and variable rent.

The market value at 31 December 2012 of the office building Junior in Ploiesti reached €4,300,000, unchanged with respect to the prior period.

The financial occupancy rate (calculated based on the net selling area) reached 89.36%, an increase of 0.59% with respect to the prior year due to the successful marketing of the vacant space.

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

REAL ESTATE INVESTMENTS IGD GROUP	BOOK VALUE AT 31/12/2012	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2012	DATE OF LAST APPRAISAL
Hypermarkets and Supermarkets	538.42	fair value	538.42	February 13
Italian shopping malls	1,003.78	fair value	1,003.78	February 13
City Center	27.70	fair value	27.70	February 13
Other	6.76	fair value	6.76	February 13
Total in Italy	**1,576.65**		**1,576.65**	
Romanian shopping malls	173.60	fair value	173.60	February 13
Other in Romania	4.30	fair value	4.30	February 13
Total in Romania	**177.90**		**177.90**	
Total IGD Group	**1,754.55**		**1,754.55**	

DIRECT DEVELOPMENT INITIATIVES	BOOK VALUE AT 31/12/2012	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2012	DATE OF LAST APPRAISAL
Plots of land and ancillary costs	42.43	adjusted cost	42.91	February 13
Total direct development initiatives	**42.43**		**42.91**	

ASSET HELD FOR TRADING*	BOOK VALUE AT 31/12/2012	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2012	DATE OF LAST APPRAISAL
Asset held for trading*	**108.80**	**cost**	**109.10**	February 13

TOTAL	INVESTMENT PROPERTY, PLOTS OF LAND, DEVELOPMENT PROJECTS, ASSETS HELD FOR TRADING		MARKET VALUE FREEHOLD PROPERTIES, PLOTS OF LAND, DIRECT DEVELOPMENT PROJECTS, ASSETS HELD FOR TRADING	CHANGE
Total	**1,905.78**		**1,906.56**	**0.78**

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

2.6 Appraisals

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, January, the 30th 2013

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

CONTRACT N. 6134; N. 6135

Valuation certificate of the assets owned by IGD SIIQ Spa at 31/12/2012

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 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 2012 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 the details regarding the leasing status of each unit at the date of valuation; the related turnover data and variable rent received; other eventual 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 Professional Standards, Eight 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 AND ASSUMPTIONS 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, that 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.
- All data relating to the progress of construction works have been supplied to us by the Client.

CBRE

- 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.
- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.
- In relation to the future consequences resulting from recent seismic events which hit the Emilia Romagna Region in May and June 2012, we can not exclude that a review of the national seismic maps and the eventual new building regulations may require a further reinforcement of the buildings' main structure, which may have a negative impact on the Market Value. Moreover, amongst the future consequences resulting from the recent earthquakes there may be a not predictable slowing down in the local economy, that may, as well, affect the value of the some of the assets.

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 here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 31st December 2012 is:

Market Value Euro 1.165.860.000,00 (One Billion One Hundred Sixty-Five Million Eight Hundred Sixty Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis, which has affected the western countries, continues to generate stagnation in real estate transactions. The on-going uncertainty determines the paralysis of the few active operators, which generates the scarce availability of actual benchmarks to estimate the impact of this situation on market values. We therefore recommend, especially when the valuation is a strategic tool for action, to keep under regular review the factors which have affected it and any possible fluctuation of such indices since the valuation date.

Yours faithfully

CBRE VALUATION S.p.A.

Francesco Abba Legnazzi
(Managing Director)

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, January, the 30th 2013

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

CONTRACT N. 6134 - 6135

Valuation certificate of the properties owned by IGD SIIQ Spa at 31/12/2012 – 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 2012 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; the related turnover data and variable rent received; other eventual 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 Professional Standards, Eight 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; of office and retail portions; 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

CBRE

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.

- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.

- In relation to the future consequences resulting from recent seismic events which hit the Emilia Romagna Region in May and June 2012, we can not exclude that a review of the national seismic maps and the eventual new building regulations may require a further reinforcement of the buildings' main structure, which may have a negative impact on the Market Value. Moreover, amongst the future consequences resulting from the recent earthquakes there may be a not predictable slowing down in the local economy, that may, as well, affect the value of the some of the assets.

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 2012, listed in the introduction is:

Asset owned by IGD + WINMARKT:
Market Value Euro 1.024.460.000,00
(One Billion Twenty-Four Million Four Hundred Sixty Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis, which has affected the western countries, continues to generate stagnation in real estate transactions. The on-going uncertainty determines the paralysis of the few active operators, which generates the scarce availability of actual benchmarks to estimate the impact of this situation on market values. We therefore recommend, especially when the valuation is a strategic tool for action, to keep under regular review the factors which have affected it and any possible fluctuation of such indices since the valuation date.

Yours faithfully

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

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

REAL ESTATE ADVISORY GROUP

Agrate Brianza, 12 February 2013

Pos. n° 6443,07

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

To the kind attention of Roberto Zoia

Determination of the Market Value at 31 December 2012 of a real estate portfolio located in Italy, comprising 12 commercial properties and 2 real estate projects in Italy, owned by the IGD SIIQ S.p.A. Group

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, owned by the IGD SIIQ S.p.A. Group (hereinafter the "Client"), in order to determine the Market Value at 31 December 2012.

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 valuations of the entire portfolio were done in light of the terms and conditions found in the drafts of the rental agreements, including for business divisions, and the single rent rolls at December 2012 provided by the owners.

For shopping centers comprising both hypermarkets and malls, as agreed with the Client, REAG separated them into two entities, hyper and mall, carrying out two distinct valuations and on the basis of specific assumptions and valuation methods . For the development projects (San Benedetto del Tronto and the expansion of the shopping center San Giovanni Teatino) the Development Method was used

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, conversion costs and sustainable revenue. In other words, a cost/revenue analysis is used to determine the **Market Value** of the Property being appraised.

The model comprises a statement of cash inflows and outflows for the real estate development project. Cash outflows comprise the costs of construction, demolition, urban development, design, project management, the developer's profit and other miscellaneous items; 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.

Revenue 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.

REAL ESTATE ADVISORY GROUP

In addition, REAG:

- Carried out site inspections at the Livorno, Roma, Guidonia, Afragola, Palermo and Gravina (Catania) shopping centers in December 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 updated the analysis of the catchment area relative to all the assets appraised;
- Has considered the existing letting status at the date of appraisal, as communicated by the Client.

Contents of the Report

This dossier 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.

REAL ESTATE ADVISORY GROUP

Everything stated and considered

it is our opinion that the **Market Value** of the stated Properties (Properties and Real Estate Projects) at 31 December 2012 can be reasonably estimated as follows:

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

Euro 740,700,000.00

(seven hundred forty million seven hundred thousand euros and zero cents)

Supervision and control:
Signed by:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed by:
Piercarlo Rolando
General Manager

An American Appraisal company

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, 12 February 2013

Pos. n° 6443,07

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

To the kind attention of Roberto Zoia

Determination of the Market Value at 31 December 2012 of the real estate portfolio comprising 12 commercial properties located in Italy owned by the IGD SIIQ S.p.A. GROUP, 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, owned by the IGD SIIQ S.p.A. Group (hereinafter the "Client"), in order to determine the Market Value at 31 December 2012.

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

An American Appraisal company

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)..

REAL ESTATE ADVISORY GROUP

"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 valuations of the entire portfolio were done in light of the terms and conditions found in the drafts of the rental agreements, including for business divisions, and the single rent rolls at December 2012 provided by the owners.
For shopping centers comprising both hypermarkets and malls, as agreed with the Client, REAG separated them into two entities, hyper and mall, carrying out two distinct valuations and on the basis of 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.

REAL ESTATE ADVISORY GROUP

In addition, REAG:

- Carried out site inspections at the Livorno, RomE, Guidonia, Afragola, Palermo and Gravina (Catania) shopping centers in December 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 updated the analysis of the catchment area relative to all the assets appraised;

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

REAL ESTATE ADVISORY GROUP

Contents of the Report

This dossier 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.

R E A L
E S T A T E
A D V I S O R Y
G R O U P

Everything stated and considered

it is our opinion that the **Market Value** of the stated Properties (Properties and Real Estate Projects) at 31 December 2012 can be reasonably estimated as follows:

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

Euro 730,090,000.00

(seven hundred thirty thousand million ninety thousand euros and zero cents)

Supervision and control:
Signed by:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed by:
Piercarlo Rolando
General Manager

An American Appraisal company

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 counter-party 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"**
- revenues 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 percentage point.

The last of the five yearly installments of €6,159,443 (without interest) was paid on 16 June 2012.

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 19 April 2012 the Shareholders' Meeting approved payment of a dividend totalling €23,861,814 for 2011 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 31.12.2012 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 revenues 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. iii) 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 2012 the situation remained critical overall. The Group stabilized its structure maintaining the staff basically unchanged with respect to the prior year, in terms of both numbers and organization.

→ Organizational structure

The **headquarter departments** that were strengthened during the year included Asset Management, with the addition of a middle manager, who is in charge of the technical assets.

The staff of the **commercial network** did not change, though third party management mandates for 2 shopping centers expired.

With regard to the **Winmarkt Group, headquarter departments** were added which included the addition of a clerk in the Contract Department and the creation, with the addition of a clerk, an Administrative Department.

The drop in overall staffing in absolute terms,

- is, in part due, to the temporary effect of turnover at 31.12.2012 not yet addressed (technical and marketing departments)
- and, in part, to the expiration of temporary contracts in 2012.

→ Staff and turnover

The staff, largely unchanged, consists in the following:

THE IGD GROUP ITALY AT 31/12/2012	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	OF WHICH FIXED TERM	TOTAL	PERCENTAGE
MEN	**4**	**13**	**20**	**13**	**(1)**	**50**	**44%**
WOMEN	**1**	**7**	**23**	**33**	**(2)**	**64**	**56%**
TOTAL	**5**	**20**	**43**	**46**	**(3)**	**114**	
Percentage	4%	18%	38%	40%		100%	100%
Percentage of total employees					(2.7%)		
Comparison with 2011						-1	-0.9%

TURN OVER ITALY 2012 (INCLUDING FIXED TERM RESOURCES)	HIRES	RESIGNED	DIFFERENCE
Managers			
Middle managers	1	0	+1
Junior managers	0	2	-2
Clerks	1	1	0
TOTAL	**2**	**3**	**-1**

THE WINMARKT GROUP ROMANIA AT 31/12/2012	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	TOTAL	PERCENTAGE
MEN	**1**	**3**	**8**	**3**	**15**	**34%**
WOMEN	**0**	**3**	**8**	**20**	**31**	**66%**
TOTAL	**1**	**6**	**16**	**23**	**46**	**100%**
Percentage	2%	13%	35%	50%	100%	

TURN OVER ROMANIA 2012	HIRES	RESIGNED	DIFFERENCE
Managers	0	0	0
Middle managers	0	1	-1
Junior managers	2	3	-1
Clerks	4	7	-3
TOTAL	**6**	**11**	**-5**

The data relating to the domestic market show:

- an increase in career paths with a view to the development of internal resources;
- a more proportionate relationship between the number of women and the number of men;
- a stabilization in the number of fixed term contracts at 5 or 71% of the total at 31/12/2011.

The collaboration with local high schools continued and in 2012 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.

Paid leave was also granted to attend masters' degree programs and specialization courses for an entire academic year. As part of personnel procedures, hours of paid leave were also granted to employees for serious family reasons.

The decrease in turnover resulted in a small change in the average age, which rose to 40, while the average level of education was unchanged.

→ Compensation policies

The **personnel evaluation system** tied to **merit based incentives** has been fully implemented and resulted in the evaluation of the work done by 50 employees in the prior year, equal to 49% of the full-time staff, and **13 merit based pay raises,** equal to 26% of the personnel involved, excluding executives.

In the event the personnel evaluations show the need to improve specialized technical expertise, interpersonal and management skills, specific training programs are designed in light of the position held and professional growth.

An impressive **19 career paths** ended, testimony to the attention paid to motivation by the human resources department and the desire to help employees express their potential:

- 11 involving CLERKS
- 1 involving a change from Clerk to JUNIOR MANAGER
- 4 involving JUNIOR MANAGERS who changed positions
- 3 involving changes from JUNIOR to MIDDLE MANAGERS

In the Winmarkt Group two policies relating to pay raises were adhered to:

- one which was designed to equalize compensation, eliminating pre-existing differences for administrative functions which call for the same amount of expertise. The changes made will not have a significant impact on potential results (accounting division)
- one which was designed to recognize the growing level of expertise and responsibility (contracts department, commercial department).

→ Training

In 2012 the IGD Group continued to pursue the selection and implementation of a well rounded and diversified training program for all its employees. Training was provided through:

English language courses, for the learning/maintenance of the English language skills needed to fulfill the employee's duties;

Refresher and advanced courses relating to the main business activities (legal-corporate, administration, finance, asset management, etc.), both external and tailor made;

Study abroad in Germany with visits to the most important shopping malls in Berlin and other important cities for an update on the latest trends in the retail real estate market;

Team building, offered in order to bring the group together, improve internal communication and further empower the structure, needs which emerged from the work environment survey conducted in 2011.

The theme of the initiative, in which all the employees participated, was **"The construction of a paper machine",** involved the creation of 10 teams, each of which had to build a specific part of the machine.

The results, entirely positive, pointed to many strong points which included:

- result driven
- ability to learn
- creativity
- team spirit
- desire to feel like an important part of a unique entrepreneurial project,

as well as a few problem areas which will be worked on in 2013.

The team building, which was very well received, strengthened the pride and sense of the belonging to the company in all the participants.

In 2012, therefore, 100% of the company (excluding those who were on sick leave or vacation), was involved in at least one training course, while the hours of training offered amounted to more than 2,850, with an average per employee of 25 hours and a total cost of approximately €74,000.00.

Training within the Winmarkt Group involved specifically:

- professional refresher courses (Romanian and international tax regimes, international accounting standards, civil code, bankruptcy law, ICSC)
- professional training courses and team building (project management)
- benchmarking of Group and market best practices
- English and Italian language courses

The total investment reached approximately €15,000.

2.9 Performance in 2012

2.9.1 Income Statement Review

The results that we are commenting must be looked at in light of the economic context that characterized 2012, the most difficult year in the IGD Group's brief history.

If on the one hand the drop in GDP (-2.2%) was less than the downturn recorded in 2009 (-5.5%), on the other hand other fundamental macroeconomic indicators worsened which had a more direct impact on cyclical business's like IGD's.

First of all, beginning in the second half of 2011, the spread between the German Bund and government bonds of peripheral Euro zone countries, like Italy, widened. The spread remained high throughout the first part of the year, which had immediate repercussions on the confidence of international investors, financial market trends and, above all, increased the average cost of funding for the Italian banks and, consequently, of the instruments offered to businesses and individuals. The increase in financial charges in the year is linked to this phenomenon (only partially offset by the decrease in the reference Euribor rate).

The Group's operations were also impacted by the difficult situation Italian families are in, penalized by the effects of the crisis (including the increase in the unemployment rate) and the austerity measures introduced by the Government in response to the tensions of the financial markets. The drop in internal demand was particularly significant: family spending fell by 4.0%, a figure that is worse (almost double) the decreases recorded in 2009 and in 1993 (-3.0%), as did non-food retail sales (-2.6%). This resulted in an increase in the mall's average vacancy rates during the year and the need to continue implementing policies to temporary sustain tenants experiencing difficulties which impacted core business revenue. At any rate, occupancy at year-end reached 96.3% in Italy and 89.4% in Romania, an indication that the steps taken by the Group were effective.

The element that had the biggest impact on the Group's

CONSOLIDATED INCOME STATEMENT (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/11	31/12/12	%	31/12/11	31/12/12	%	31/12/11	31/12/12	%
Revenues from freehold properties	107,369	109,555	2.04%	107,369	109,548	2.03%	0	7	n.a.
Revenues from leasehold properties	8,537	8,573	0.42%	8,537	8,573	0.42%	0	0	n.a.
Revenues from services	5,284	5,136	-2.79%	5,284	5,136	-2.79%	0	0	n.a.
Revenues from trading	1,726	0	n.a.	0	0	n.a.	1,726	0	n.a.
Operating revenues	**122,916**	**123,264**	**0.28%**	**121,190**	**123,257**	**1.71%**	**1,726**	**7**	**-99.62%**
Direct costs	(20,186)	(24,410)	20.92%	(20,036)	(24,076)	20.17%	(150)	(334)	122.76%
Personnel expenses	(3,483)	(3,665)	5.25%	(3,483)	(3,665)	5.25%	0	0	n.a.
Increases, cost of sales and other costs	(731)	663	n.a.	0	0	n.a.	(731)	663	n.a.
Gross Margin	**98,516**	**95,852**	**-2.70%**	**97,671**	**95,516**	**-2.21%**	**845**	**336**	**-60.20%**
G&A expenses	(4,564)	(4,373)	-4.18%	(4,144)	(4,014)	-3.12%	(420)	(359)	-14.56%
Headquarters personnel costs	(5,443)	(5,747)	5.60%	(5,408)	(5,721)	5.79%	(35)	(26)	-27.08%
EBITDA	**88,509**	**85,732**	**-3.14%**	**88,119**	**85,781**	**-2.65%**	**390**	**(49)**	**n.a.**
Ebitda Margin				72.71%	69.59%		n.a.	n.a.	
Depreciation	(1,109)	(1,326)	19.62%						
Devaluation	28	(1,211)	n.a.						
Change in FV	(14,150)	(29,383)	n.a.						
Other provisions	238	(374)	n.a.						
EBIT	**73,516**	**53,438**	**-27.31%**						
Financial income	809	554	-31.48%						
Financial charges	(44,296)	(48,279)	8.99%						
Net financial income	**(43,487)**	**(47,725)**	**9.75%**						
			n.a.						
Income from equity investments	**(887)**	**(746)**	**-15.90%**						
PRE-TAX INCOME	**29,142**	**4,967**	**-82.95%**						
Income tax for the period	876	6,185	n.a.						
NET PROFIT	**30,018**	**11,152**	**-62.85%**						
(Profit)/losses related to third parties	39	136	n.a.						
NET GROUP PROFIT	**30,057**	**11,288**	**-62.45%**						

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)".

accounts, however, was the introduction of a new property tax - *Imposta Municipale Unica or IMU* - which allowed the municipalities to raise applicable rates on taxable income.

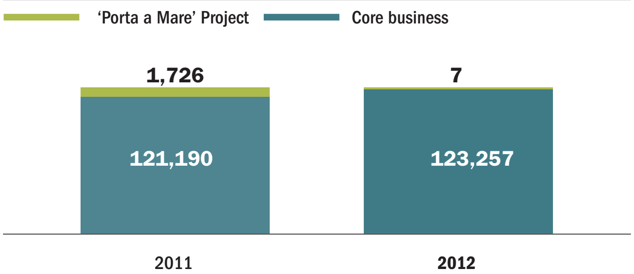
IMU impacted both direct costs (+63.29% on a consolidated level) and the appraisals of the independent experts (and, therefore, fair value) increasing cost of property ownership (the value of the income producing assets fell by 1.55%).

In light of this particularly complex situation, the Group's operating results appear even more positive and solid: the year closed with a net profit, while down, of €11,288 thousand and Funds From Operations, an indicator which is not influenced by non-monetary items like changes in fair value, of approximately €35,944 thousand, therefore well above the proposed dividend.

→ Revenue

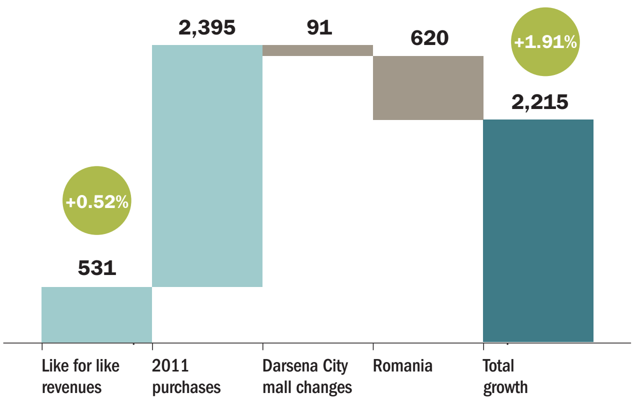
Consolidated operating revenue amounted to €123,264 thousand, an increase of 0.28% with respect to the prior year. With respect to 2011, this figure was impacted by the lack of revenue from trading generated by the Porta a Mare project. Core business revenue rose by 1.71%, due primarily to the contribution of the new acquisitions made in 2011 of approximately €2,395 thousand, while the Porta a Mare project contributed its first revenue which amounted to €7 thousand. Please note that, contrary to what was posted through 31/03/2012, the provisions for rents at the Darsena City mall were directly offset against revenue. The figure at 31/12/2011 was, consequently, reclassified.

TOTAL REVENUES



- **The revenue from the rental business** rose with respect to the same period of 2011 by 1.91%.

GROWTH OF RENTAL INCOME



The increase of €**2,215** thousand is attributable to:

- for €531 thousand to like-for-like revenue which rose by 0.52%. Hypermarkets continued to perform well as the revenue, in addition to the indexing, grew as a few post start-up charges gradually kicked in.
  The crisis had a greater impact on the malls, causing an increase in average vacancy rates in the year and making it necessary to implement commercial policies to support the tenants. The average upside on the new 35 contracts did, however, reach 1.18% (71 renewals and 64 turnovers), demonstrating that retailers are still interested in certain locations, particularly in those that have been restyled or expanded included in the near future. Overall, of note are the good results achieved in the malls Porto Grande and Centro Conè;
- for €**2,395** thousand to the new acquisitions made in 2011 which contributed for the whole year; these include the last two floors of the office building where the Group's headquarters are located (leased, in part, to third parties), the "City Center" building in via Rizzoli– both in Bologna – and the hypermarkets in Conegliano and Palermo;
- the positive effects of the above were offset by a decrease of €711 thousand explained by:
  - a drop in the revenue generated by the Darsena City mall (for which provisions were increased after the bankruptcy proceedings were begun);
  - a decrease in revenue in Romania due, in particular, to the insolvency of an important national retailer which called for a reorganization plan and caused sales to drop in some centers and resulted in lower rent in others. In Romania development and commercial requalification continued (through the introduction of successful, international brands), which in the year resulted in an important agreement being signed with H&M (future openings of 3 shops in 3 different locations), along with the strengthening of the presence of important foods anchors like Carrefour (8 points of sale) and Billa (2 points of sale).

- **Revenue from the rental operations of the Porta a Mare project** amounted to €7 thousand and related to the rental of offices at the end of the year.

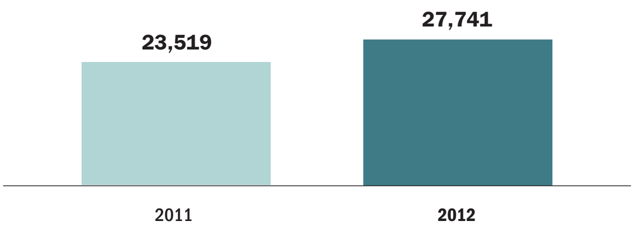
- **Revenue from services** fell slightly with respect to 2011 (-2.79%). Service revenue which consists primarily in revenue from Facility Management (which contributed €4,885 thousand or 96% to the total service revenue) was largely unchanged with respect to 2011 (-0.88%). Revenue from Pilotage increased, while revenue from agency and other services fell (by a total of €117 thousand), due also to a drop in third party mandates with respect to the prior year.

- **Revenue from trading** amounted to €1,726 thousand in 2011 following the sale of a portion of an office building, while no sales were recorded in 2012.

→ Direct Costs

Direct costs, pertaining to the core business and including direct personnel expenses, amounted to €27,741 thousand, an increase of 17.95% with respect to the same period in the prior year. This change is explained primarily by the increase in property taxes – IMU (which substituted ICI in Italy), of €7,166 thousand, which represents about 26% of total direct costs (versus about 19% in 2011), as well as by provisions for doubtful accounts, condominium fees and routine maintenance. These costs represent 22.51% of core business revenue, an increase with respect to the prior year but in line with the first half of 2012 when the increased IMU rates for commercial properties were already in effect.

CORE BUSINESS DIRECT COSTS



→ Margins

The divisional gross margin fell by 2.70%, dropping from €98,516 thousand to €95,852 thousand in 2012. The table below shows the income statement highlights and the trend in margins at 31 December 2012:

GROSS MARGIN (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/11	31/12/12	%	31/12/11	31/12/12	%	31/12/11	31/12/12	%
Margin from freehold properties	94,809	93,351	-1.5%	94,809	93,344	-1.5%	0	7	n.a.
Margin from leasehold properties	1,933	1,599	-17.3%	1,933	1,599	-17.3%			n.a.
Margin from services	929	573	-38.3%	929	573	-38.3%			n.a.
Margin from trading	845	329	-61.1%				845	329	-61.1%
Gross Margin	**98,516**	**95,852**	**-2.7%**	**97,671**	**95,516**	**-2.2%**	**845**	**336**	**-60.2%**

- **SBU 1 - Property leasing - margin from freehold properties:** this margin amounted to €93,351 thousand versus €94,809 thousand in the prior year. In percentage terms, this activity continues to feature a significant margin of 85.21%, a drop with respect to the 88.30% recorded in the prior year due primarily to an increase in direct costs.

- **SBU 1 - Property leasing - margin on leasehold properties:** this margin reached €1,599 thousand. As a percentage of revenue the margin fell from 22.64% in 2011 to 18.65% due to the significant increase in direct costs (the items which have the biggest impact on provisions for doubtful accounts)

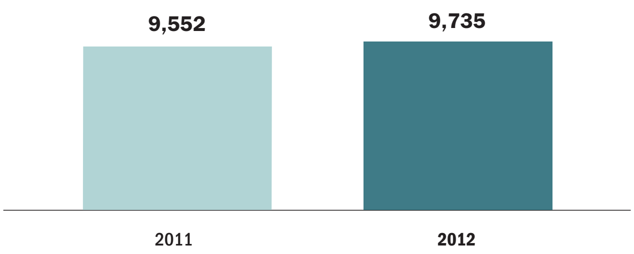
- **SBU 2 - Services - margin from service businesses:** the margin from services amounted to €573 thousand and represents 11.16% of revenue. The drop in this margin with respect to 2011 is explained by the decrease in revenue from Agency and Facility services (less marketing and fewer management mandates).

- **SBU 3 - Development and trading - margin from trading:** the margin from the "Porta a Mare" project reached €329 thousand. Comparison with the prior year is not very significant as 2011 reflected the sale of a property unit, while the 2012 figure reflects the costs of work in progress and the direct costs pertaining to this strategic area.

General Expenses

General expenses for the core business, including payroll costs at headquarters, amounted to €9,735 thousand, largely in line with the €9,552 thousand recorded in 2011. These costs represent 7.90% of core business revenue. If, on the one hand, payroll costs at headquarters rose (due to organizational changes following the renewal of the national collective labor contract), on the other hand, other general expenses dropped (-3.12%).

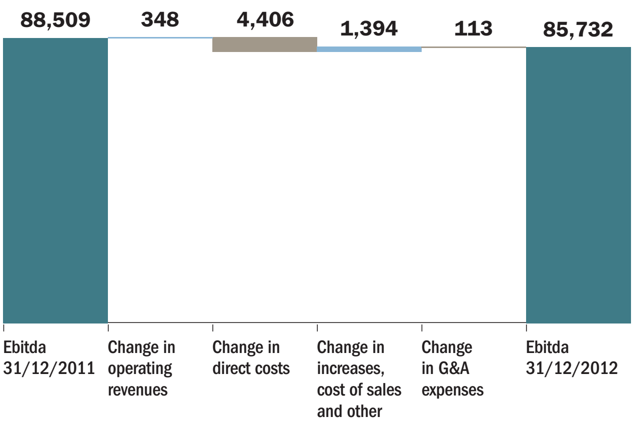
CORE BUSINESS G&A EXPENSES



EBITDA

Core business **EBITDA** in 2012 amounted to €85,781 thousand, a drop of 2.65% with respect to the prior year while total Ebitda amounted to €85,732 thousand, down 3.14%. The changes in total EBITDA in 2012 are shown below.

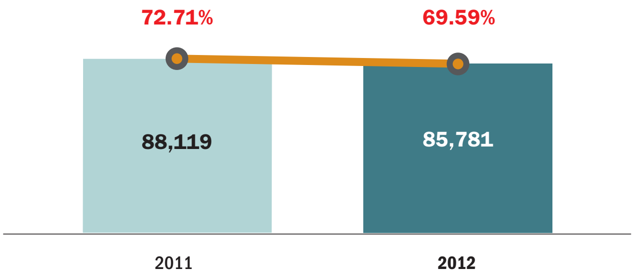
EBITDA



The EBITDA margin was heavily influenced by the tax component (introduction of IMU in Italy in substitution of the property tax, ICI) which also affected the income statement due to the change in the properties' fair value. In general, the complex macroeconomic situation also impacted direct costs as the condominium fees increased (due also to the increased average vacancies in the year) and as did provisions for doubtful accounts. In 2012 the measures taken to contain general expenses continued to be effective as total costs remained largely unchanged, including as a percentage of revenue.

The core business **EBITDA MARGIN** came to 69.59%, down with respect to the prior year, due to the more than proportional increase in direct costs with respect to revenue.

CORE BUSINESS EBITDA AND EBITDA MARGIN



EBIT

EBIT amounted to €53,438 thousand, a drop of 27.31% explained, in addition to the decrease in EBITDA described above, by writedowns and the change in fair value which had a total negative impact of some €30,594 thousand (versus €14,122 thousand in the same period of the prior year).

This result is almost entirely attributable to the Italian perimeter (in Romania, in fact, the value of the properties was basically unchanged in the appraisals), and the increase in direct costs (above all in taxes, like IMU) and reduced projected sales growth, along with a slight increase in the average exit cap rate. The properties were appraised at 31 December 2012 by independent experts.

Net financial income (charges)

NET FINANCIAL INCOME/ (CHARGES)	31/12/12	31/12/11	CHANGE
(Financial income)	(195)	(546)	351
Financial charges	47,831	43,765	4,066
Exchange (gains)/losses	(66)	116	(182)
Commissions	155	152	3
Net financial income/(charges)	**47,725**	**43,487**	**4,238**

Financial charges rose from the €43,487 thousand posted in 2011 to €47,725 thousand in 2012, an increase of €4,238 thousand even if the net financial position remained basically unchanged. The increase is due to:

- a substantial increase in the spreads on short term borrowings
- the new forward IRS contracts effective 1 January 2012
- the new financial charges related to the loans granted by Intesa Group in March and November 2012 (for the purchase of the property via Rizzoli, Bologna)
- the extension of the two mortgages with the Intesa Group resulting in higher rates and the extension of the mortgage granted by MPS, held jointly with Beni Stabili

- the new mortgages (relative to the real estate investments in Palermo and Conegliano, as well as the Livorno project) effective as of third quarter 2011
- the increase in financial charges was partially offset by the drop in the 3M Euribor which dropped from 1.457 (monthly average) in December 2011 to 0.189 (monthly average) in December 2012.

The average cost of debt rose from the 4.08% recorded at 31 December 2011 to 4.29% at 31 December 2012 while, net of the bond's pro-forma charges, it rose from the 3.71% recorded at 31 December 2011 to 3.91%.

→ Tax

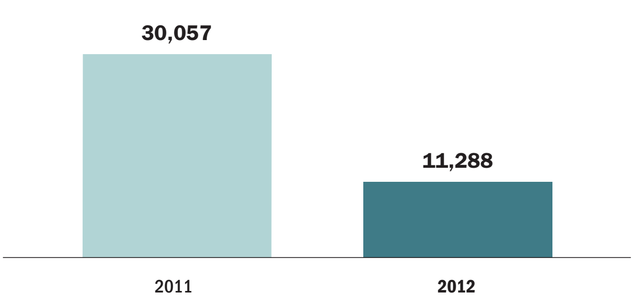
INCOME TAX	31/12/12	31/12/11	CHANGE
Current taxes	1,401	1,397	4
Deferred tax liabilities	(3,104)	703	(3,807)
Deferred tax assets	(4,351)	(2,628)	(1,723)
Contingent assets/liabilities	(131)	(348)	217
Total	**(6,185)**	**(876)**	**(5,309)**

The tax burden, current and deferred, at 31 December 2012 amounted to €6,185 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 27.66%. Net of the fair value effect the tax rate reaches 6.77%, versus 7.46% in the prior year.

→ Net profit

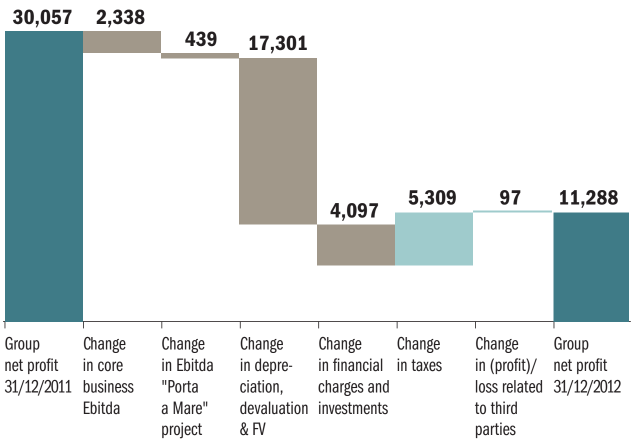
The impact of the writedowns and the fair value adjustments on EBIT, as well as the impact of the financial charges, obviously resulted in a drop in the Group's portion of net profit (-62.45% with respect to 2011) which amounted to €11,288 thousand.

GROUP NET PROFIT



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

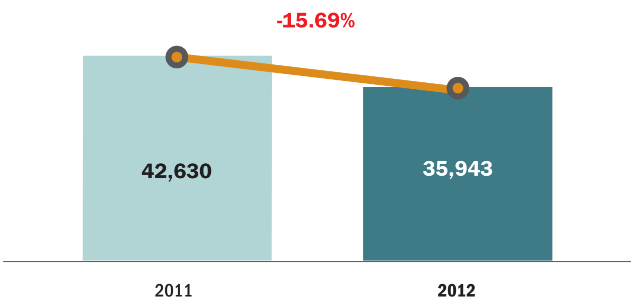
CHANGE IN NET PROFIT BETWEEN 2011 AND 2012



→ FFO

More significant than the comparison with net profit is the trend in **Funds From Operations ("FFO")**, an indicator used widely in the real estate sector (REITs), which defines the cash flow generated by a company's core business by adjusting pre-tax profit by non-monetary items (deferred tax, writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of income from equity investments and revenue from property sales and which, therefore, better represents the trend in the Group's core business. The figure fell by -15.69% with respect to the prior year, noticeably less than the decrease in net profit, and is almost entirely attributable to IMU and the financial charges. Through 31 December 2011 this figure included the extraordinary items and gains from disposals; in order to highlight the core business (which generates the bulk of the income used to pay dividends) the impact of these items has been excluded. The figure at 31 December 2011 was also adjusted.

FFO



2.9.2 Statement of Financial Position and Financial Review

The IGD Group's statement of financial position at 31 December 2012 can be summarized as follows:

SOURCES/USE OF FUNDS	31/12/2012	31/12/2011	Δ	%
Fixed asset	1,889,979	1,897,756	(7,777)	(0.41%)
NWC	75,713	68,909	6,804	9.87%
Other long term liabilites	(68,520)	(70,644)	2,124	(3.01%)
TOTAL USE OF FUNDS	**1,897,172**	**1,896,021**	**1,151**	**0.06%**
Net debt	753,566	767,053	(13,487)	(1.76%)
Net (assets) and liabilities for instruments	53,975	34,571	19,404	56.13%
Shareholders' equity	1,089,631	1,094,397	(4,766)	(0.44%)
TOTAL SOURCES	**1,897,172**	**1,896,021**	**1,151**	**0.06%**

The principal changes in 2012, compared to 31 December 2011, are summarized below:

Non-current assets

Fell from the €1,897,756 thousand recorded at 31 December 2011 to €1,889,979 thousand at 31 December 2012; the change of -€7,777 thousand is explained by increases and decreases in:

- **Investment property** (-€24,895 thousand). The net change is attributable to the fair value adjustments of the investment property. Investment property fell by €29,383 thousand due to the valuation at fair value. For more information please refer to the section "The Real Estate Portfolio" and to notes 15 and 17 of Section 5.
- **Buildings** (-€243 thousand). The net change is attributable to the normal depreciation of the office building housing the headquarters.
- **Intangible assets with finite useful lives, plants and machinery, equipment and other goods and leasehold improvements** (-€528 thousand). The change, net of amortization and depreciation, is primarily to the work to update the cooling system at the shopping center in Ascoli and the increase in equipment at different shopping centers, as well as additional equipment at the headquarters.
- **Assets under construction** (+€6,542 thousand). The net increase is explained primarily by:
  - for about €5,372 thousand, progress with the investment in the multi-purpose center in Livorno;
  - for about €848 thousand, progress on the urbanization works relative to the future retail park in Chioggia;
  - for about €357 thousand, €117 thousand and €267 thousand, respectively, progress on the expansion of the ESP, Portogrande and Abruzzo shopping centers;
  - for about €2,595 thousand to work in progress.

  The decrease is explained primarily by:
  - for about €1,211 thousand, an impairment loss charged on land and construction in progress to reflect the difference between cost and appraised fair value;
  - for about €1,803 thousand, completion of works at a few shopping centers which were then reclassified as investment property.
- **Deferred tax assets** (+€9,392 thousand). The change is due primarily to:
  - for €5,013 thousand, the recognition of deferred tax related to mortgage hedging instruments (IRS);
  - for €334 thousand, the recognition of deferred tax related to the writedowns of work in progress;
  - for €3,218 thousand, the recognition of deferred tax related to the fair value adjustments of investment property.
- **Miscellaneous receivables and other non-current assets** (+€1,863 thousand). The change is due primarily to:
  - the increase of the beneficial interest, following renewal, on the mall at the Città delle Stelle Shopping Center for 2013 and 2014 for the amount recognized for the period in the income statement.
- **Equity investments** (+ €92 thousand). The change is due primarily to:
  - for €16 thousand, the writedown of the book value of the 15% interest held in the company IBN;
  - for approximately €108 thousand, the purchase of interests in other businesses.

Net working capital

(+€6,804 thousand).
The change is explained primarily by:

- for +€6,887 thousand, 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 +€888 thousand, the increase in third party and related party trade receivables, net of the provisions for doubtful accounts;
- for -€8,249 thousand, other current assets; the decrease is largely due to the use of a VAT credit of approximately €4.8 million and a VAT refund of €2.8 million;
- for +€2,928 thousand, the decrease in the payables for construction and contract work done last year;
- for -€1,716 thousand, the increase in the amounts owed the Parent Company primarily attributable to the beneficial interest in the Città delle stelle Shopping Center mall for 2013 and 2014, net of the portion paid for 2012;
- for +€7,033 thousand, the decrease in current tax liabilities due primarily to the payment of the last installment of the substitute SIIQ tax which amounted to approximately €6,159 thousand, plus interest;
- for -€964 thousand, other current liabilities, which increased substantially following the receipt of security deposits relative to the preliminary sales agreements for properties in Livorno.

Other non-current liabilities

(+€2,124 thousand).

The change is explained primarily by:

- for +€2,944 thousand, the change the change in deferred tax liabilities linked to the fair value adjustments of investment property;
- for -€395 thousand, the increase in the employee severance reserve (TFR);
- for -€281 thousand, the increase in provisions for risks and charges.

Equity

at 31 December 2012 amounted to €753,566 thousand.

The change of -€13,487 is explained primarily by:

- for €13,296 thousand, the increase in share capital;
- for €581 thousand, the decrease following recognition of ancillary costs relating to the capital increase, net of the tax effect;
- for €23,862 thousand, the distribution of the 2011 profit;
- for -€12,207 thousand and -€1,008 thousand, the decrease in the derivatives accounted for using the cash flow hedge method relative to, respectively, the Parent Company and a subsidiary;
- for about -€291 thousand, changes in the translation reserve for the translation of foreign currency financial statements;
- for €11,288 thousand, the Parent Company's portion of net profit and the minorities' loss of €136 thousand;
- for approximately +€14 thousand, the adjustment of the deferred tax relative to the convertible bond.

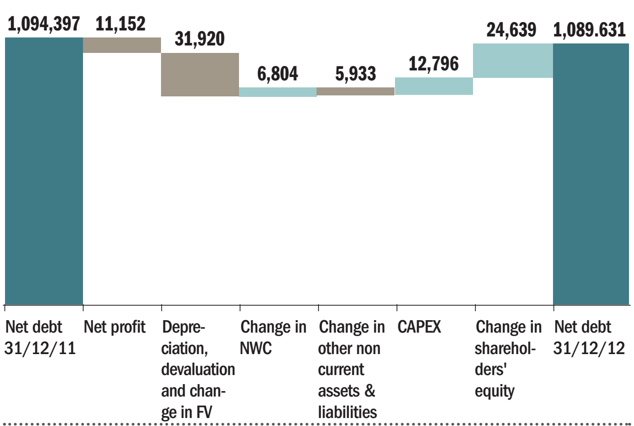
Net assets/(liabilities) for derivatives

The fair value measurement of hedging instruments at 31/12/2012 dropped by €19,404 thousand with respect to the prior year.

Net financial position

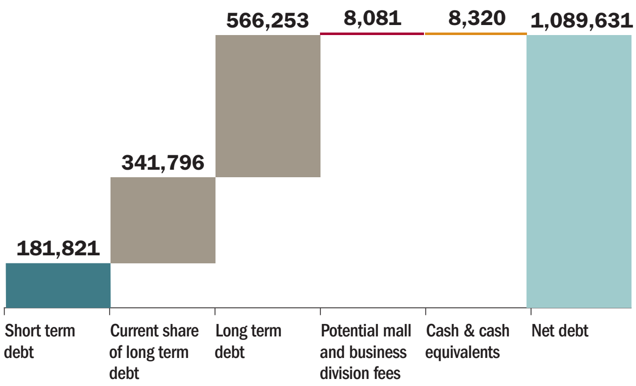
The net financial position at 31 December 2012 fell from the €1,094,397 thousand recorded at 31 December 2011 to €1,089,631, a decrease of €4,766 thousand with respect to the prior year. The changes are shown below:

RECONCILIATION 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.

BREAKDOWN OF THE NET FINANCIAL POSITION

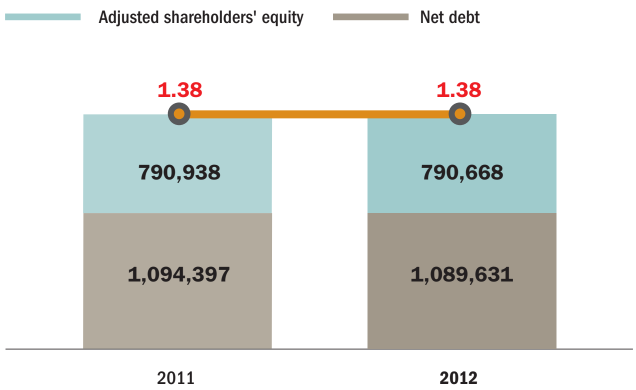


The significant change in the debt structure with respect to the prior year is due primarily to the reclassification as short term debt of the convertible bond loan and two mortgage loans maturing by the end of 2013; toward this end, the company is examining the refinancing of the bond and financing for 2013 with premiere financial advisors as outlined in the 2012-2015 Business Plan.

The gearing ratio reflects the debt to equity ratio, but does not include the accounting (non-monetary) effects of the CFH reserves.

The gearing ratio of 1.38, unchanged with respect to 31 December 2011, is shown below:

GEARING RATIO



The Group's financial policy is guided by the principles outlined in the 2012-2015 Business Plan (please refer to paragraph 2.1).

Currently 76.14% of the long term debt (including the bond) is hedged against interest rate risk while 63.14% of the net debt is covered.

The bank credit facilities amounted to €273.5 million at 31/12/2012 and the unutilized portion to €93.83 million.

2.10 Subsequent Events

On 22 January 2013 IGD SIIQ S.p.A. exercised the "opt-out" clause found in Articles 70 (8) and 71 (1-*bis*) of CONSOB's Regulation for Issuers which grants the option to waive the mandatory publication of informational documents relating to mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

2.11 Outlook

The economic forecasts indicate that the difficult situation will persist throughout 2013, with a slight improvement beginning in the latter part of the year. Even in this difficult context, characterized by persistently weak consumption, we expect to see core business revenue and profitability in line with the targets in the business plan approved by the Board of Directors in October 2012. Investments will be focused on the committed pipeline, as well as on the maintenance designed to improve the quality of the assets and the objective to maintain the gearing in line with the 2012 figure.

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 an Enterprise Risk Management (ERM) system which conforms to 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 Company monitors these risks using a model based on Key Risk Indicators, which assists management in assessing the residual exposure relative to each type of risk. The primary business risks that IGD faces and manages are listed below.

1. Strategic risks

1.1 Investment risk

Risk factors:
- problems/errors in the valuation of the investment opportunity;
- problems/errors in identifying 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, and sales forecasts with regard to the areas where the investment is to be made and obtains fairness opinions from independent appraisers.

The Company assesses, using forecasting methods based on market analysis, the possible impact of macroeconomic changes (consumption, interest rates) on the investments' potential yield.

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 remodeling are in line with the targets. Pricing and the target yield are analyzed 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 Loss of asset value

Risk factors:
- Exogenous factors
- Global economic crisis
- Changes in the domestic/international market which results in a significant devaluation of the asset portfolio.

Risk management:
The shopping centers are located throughout the country which reduces the exposure to risks connected to regional phenomenon.

The analysis of sales figures, along with the monitoring of commercial dynamics, receivables, renegotiations, traffic volume, support of the independent expert with the appraisal of the assets, help the management spot signs that changes are taking place in the retail real estate market.

Periodically the Company also runs sensitivity analyses involving the valuations of the portfolio assets in order to constantly monitor the effects that changes due to changes in the global economic environment on the discount or cap rate would have on the value of the assets.

1.4 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 fulfill 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.

The company's top management has begun a project focused on monitoring the way in which trade receivables are managed by the different consortiums (owners, tenant and "mixed") engaged in shopping center management. The purpose of this model is to support company management in the constant monitoring of receivables which makes it possible to quickly identify any problem areas and act accordingly.

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.

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;

Risk management:

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 Supervisory Board adopted specific procedures and, together with Internal Audit, seeks to ensure that they are complied with.

The Supervisory Board 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.

There is a constant monitoring of the evolution of legislation and regulation of the market and the potential impact on the procedures of 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, has since then 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 €551 million).

A project was also completed which called for the implementation of tools to be used to analyze financial risk. The project involved i) analysis and assessment of interest rate risk, ii) methods used to gather data and information relating to the IRS contracts stipulated iii) the possibility of developing a signal model for risk analysis and management, iv) identification of the financial risk assessment tools to be used taking into account:

a) fair value
b) cash flow sensitivity
c) stress test
d) VAR estimates.

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 68.08% 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, Ron; which could result in the portfolio being written down and the default of Romanian retailers whose contracts are in Ron but anchored to the euro.

Risk management

The Romanian tenants’ rents are in Ron 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 Ron.

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.

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 2012 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 31/12/2011	PURCHASES	SALES	N OF SHARES AT 31/12/2012
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	12,100	0	23,100
Costalli Sergio	IGD	0	0	0	0
Franzoni Massimo	IGD	0	0	0	0
Gualandri Elisabetta	IGD	0	0	0	0
Magalotti Tamara	IGD	0	0	0	0
Pellegrini Fernando	IGD	0	0	0	0
Parenti Andrea	IGD	40,000	10,000	0	50,000
Sabadini Riccardo	IGD	5,000	0	0	5,000
Salvini Lidia	IGD	0	0	0	0
Zamboni Roberto	IGD	0	0	0	0
Santi Sergio	IGD	29,300	*	*	*
Pirazzini Corrado	IGD	5,000	*	*	*
Chiusoli Roberto	IGD	0	0	0	0
Conti Romano	IGD	0	0	0	0
Corsi Pasquina	IGD	0	0	0	0

* in office through 19 April 2012

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 2012 the company possessed 10,976,592 ordinary shares or 3.326 % 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 2012, 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 31.12.2012

RECONCILIATION BETWEEN THE PARENT COMPANY AND THE CONSOLIDATED ACCOUNTS	NET PROFIT		NET EQUITY	
	GROUP'S PORTION	MINORITIES	GROUP'S PORTION	MINORITIES
Balance - Parent company's financial statements	**10,526**		**737,500**	
Elimination of dividends	(6,000)			
Elimination of writedowns of consolidated equity investments				
Book value of consolidated equity investments			(403,306)	
Effect of subsidiaries' CFH reserve			(9,331)	
Net equity and profit of consolidated companies	6,744	(136)	407,423	11,676
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidation of PORTA MEDICEA (allocated to works in progress)			281	
- Goodwill from consolidation of MILLENNIUM			3,952	
- Goodwill from consolidation of Winmagazine			5,410	
- Goodwill from consolidation of Winmarkt management			1	
- Sale of assets to Group companies (amortization/depreciation effect)	13		(44)	
- Other adjustments	4		6	
BALANCE SHOWN IN THE CONSOLIDATED ACCOUNTS	**11,288**	**(136)**	**741,890**	**11,676**

Amounts in thousands of euros

2.19 Comment on the Parent Company's financial and economic performance

The full year financial statements of the Parent Company IGD SIIQ S.p.A. show a performance in line with the Group, namely an increase in revenue due primarily to the impact of the new acquisitions made in 2011.

EBITDA was affected by the same components as the consolidated figure, namely the introduction of IMU in Italy in substitution of the property tax, ICI.

The net financial position was in line with the Group trend and decreased as amply described above in reference to the Group.

2.20 Proposal to approve the financial statements, the allocation of net profit for 2012 and the payment of dividends

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2012 which closed with a net profit of €10,526,329.

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

- 5% or €526,316 to the legal reserve
- €10,000,013 to the shareholders as a dividend

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.

The Board of Directors also, in light of the fact that the writedowns of the real estate investments recognized in the year resulted in - pursuant to Art. 6, par. 3, of Legislative Decree n. 38 of 28 February 2005 – the reduction of the Fair Value Reserve by €9,853,651, proposes to allocate this amount:

- 5% or €492,683 to the legal reserve
- €9,360,968 to the shareholders as a dividend

In this instance, as well, 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.

Lastly, the Board of Directors proposes to distribute the following to shareholders as dividends:

- €2,972,427 using the reserve for retained earnings from exempt operations

Each outstanding share, excluding treasury shares, shall receive a dividend of €0.07 for a total of €22,333,408 (taking account of the accretion due as a result of the treasury shares held).

Bologna, 28 February 2013

The chairman
Gilberto Coffari

LE MAIOLICHE
SHOPPING CENTER

Faenza - Ravenna

Opening 2009

Mall GLA sq.m 21,717

Food anchor GLA sq.m 9,277

2,117,017 visitors in 2012

Report on Corporate Governance and Ownership Structure

Pursuant to Art. 123 *bis* TUF

03

CHAPTER CONTENTS

Glossary

BOARD:
the Issuers' Board of Directors

CIV. COD./C.C.:
the Italian Civil Code.

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

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.

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 referred to in this Report

3.1 Company Profile

IGD SIIQ S.p.A. adhered to the Corporate Governance code approved by Borsa Italiana S.p.A.'s Corporate Governance Committee in March 2006.

Subsequently, in 2012, the Company's Board of Directors resolved to adhere to the principles contained in the new edition of the Corporate Governance Code, ensuring that its governance system complied with the new provisions.

The Code is available on Borsa Italiana's website at: http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm

In 2012 the Company implemented several measures designed to guarantee that its governance structure complies with the new Corporate Governance Code.

On 19 April 2012, the Board of Directors deemed it opportune to combine the Nominations and the Compensation Committees resulting in the formation of a single committee, the "Nominations and Compensation Committee".

On 8 November 2012, the Board of Directors approved the update of its own Corporate Governance Code which – along with other documents (the bylaws, Code of Ethics, Decree 231/2001 Organizational, Management and Control Model, Regulations for Shareholder Meetings, Procedures for Related Party Transactions, Procedures for the Management and Disclosure of Price Sensitive Information, the Internal Dealing Code) form the set of governance tools used by the Company.

More in detail, the update involved the functions of the "Nominations and Compensation Committee" and the redefinition of the functions and duties of the parties now involved in the internal control and risk management system, proceeding to appoint these parties in accordance with the new Corporate Governance Code.

The Board changed the name of the "Internal Control Committee" to "Control and Risk Committee", and also approved the relative functions.

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 and risk management 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 2013 the Company approved the Corporate Sustainability Report which describes the characteristics of the IGD Group, its recent growth, the objectives for future development and the main results achieved in 2012 relating to economic, environmental and social sustainability.

The Corporate Sustainability Report is available to the public on the Company's website: www.gruppoigd.it

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 28 February 2013 totals €405,015,558.69, of which €322,545,915.08 is fully paid-in and subscribed, divided in 330,025,283 ordinary shares.

Please note that during the meeting held on 28 February 2013, during which the Board of Directors approved this report, it also resolved to propose that the Extraordinary Annual General Meeting, convened on 18 and 19 April 2013, in second and first call, respectively, approve, among other things, a proposed capital increase against payment pursuant to Art. 2441, paragraph 4 (2) of the Italian Civil Code.

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 artt. 120 and 122 of TUF, the shareholders with voting rights holding more than 2% of the company's ordinary share capital 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*, par. 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, lett. 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 TUF:

- On 12 June 2012 Coop Adriatica S.c.a r.l. ("Coop Adriatica") and Unicoop Tirreno Company Cooperativa ("Unicoop Tirreno") agreed to early dissolution of the shareholders' agreement stipulated in February 2011 and, on the same date, stipulated a new shareholders' agreement involving shares of Immobiliare Grande Distribuzione SIIQ S.p.A., pursuant to Art. 122, paragraphs 1 and 5 A) and B), of TUF, designed to facilitate the Company's strategic decisions and their management. The Agreement involved 187,567,741 ordinary IGD shares or 56.834% of the company's share capital (the syndicated shares)¸ of which 168,312,894 shares or 51.00% of the share capital are bound by a voting block. Subsequently, following the purchase of IGD shares by Unicoop Tirreno in 2012 the number of syndicated shares changed as did the percentage of the share capital and the total number of shares covered under the agreement, regularly disclosed to the public and Borsa Italiana S.p.A. pursuant to Art. 129, paragraph two of the Regulations for Issuers. At 28 February 2013, therefore, the agreement involves 191,272,741 ordinary IGD shares or 57.957% of the Company's share capital; of which 168,312,894 or 51.00% of the share capital are bound by a voting block.
  The agreement will expire on 30 June 2013.

A summary of the above mentioned agreement is available to the public on Consob's website, in accordance with the 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 bylaws 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)

The Board of Directors, pursuant to Art. 2443 of the Italian Civil Code has the right to, by 19 April 2017, increase share capital against payment, in one or more instalments, by up to 10% of the current share capital, to be subscribed by parties selected by the Board of Directors including qualified investors and/or business partners and/or financial partners in Italy and abroad or shareholders of the Company – excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (2), as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by the external auditors.

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 to €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.

Following the execution of the capital increase excluding pre-emption rights approved by the shareholders, meeting in extraordinary session, on 19 April 2012 the conversion price of the above mentioned convertible bond loan, in accordance with Art. 6(vi) of the Bond Regulations, was lowered from €2.75 to €2.7257, effective as of the issue of the shares subscribed as part of the capital increase. Consequently, the maximum amount of the capital increase that may be subscribed to service the convertible bond loan was changed to €82,469,643.61 (this was re-determined for accounting purposes as per Art. 6.1 of the company's by-laws) through the issue of up to a maximum of 84,381,994 ordinary shares in one or more instalments.

On 19 April 2012 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 28 February 2013 the Company's Board of Directors, which approved this report, resolved to propose that the shareholders convened in ordinary session on 18 and 19 April 2013, respectively in first and second call, revoke the expiring authorization granted by the shareholders 19 April 2012 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 3.33% of the share capital.

l) Management and coordination (pursuant to Art. 2497 et seq. Italian Civil Code)

The Company is subject to the management and coordination of shareholder Coop Adriatica s.c.ar.l. who controls 42.773% of the company's share capital, pursuant to and in accordance with Art. 2497 of the Italian Civil Code.

→ Other information

Indemnity of Directors (pursuant to art. 123-*bis*, par. 1, lett. i), TUF)

With regard to information relative to any agreements between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid, please refer to the information found 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.

As of the date on which this report was approved, the Board of Directors has not adopted a specific succession plan for the executive directors as it was deemed unnecessary in light of the shareholders and the current powers granted to the Board.

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 (http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm).

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*, par. 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 19 April 2012 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 2014.

The directors pursue the corporate purpose, acting independently and resolving with sound judgement, seeking out all available information, in order to achieve the priority goal of creating medium/long term value for the shareholders.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists which comply with the current laws relating to gender equality. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the interest determined in accordance with CONSOB regulations (for 2013 equal to 2.5% of the Company's share capital). 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 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.

The lists which include three or more candidates must include candidates of both genders, as indicated in the notice of call for the Annual General Meeting, in order to ensure that the composition of the Board of Directors complies with current laws relating to gender equality.

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 provisions of Art. 147-ter, paragraph 3 of the TUF, 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, as well as in accordance with the laws governing gender equality.

The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, deemed relevant as per Art. 122 of the TUF, was recently renewed on 12 June 2012 and will expire on 30 June 2013.

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.

With regard to the laws relating to gender equality in the administrative and control bodies of listed companies introduced in Law n. 120 of 12 July 2011, as amended, and subsequently included in the Regulations for Issuers, on 28 February 2013 the Board of Directors resolved to ask the shareholders, meeting in extraordinary session on 18 April 2013, in first call, and 19 April 2013, in second call, to approve other amendments to the bylaws in order to introduce a mechanism to ensure compliance with the current laws relating to gender equality in the election of Board members (for more information, please see paragraph 4.2).

Succession plan

As of the date on which this report was approved, the Board of Directors has not adopted a specific succession plan for the executive directors as it was deemed unnecessary in light of the shareholders and the current powers granted to the Board.

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

The Board of Directors in office through 31 December 2012 consists of 15 directors and was appointed by the shareholders during the meeting held on 19 April 2012 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 2014.

During the Shareholders' Meeting held on 19 April 2012 only one list was presented by the majority shareholders Coop Adriatica and Unicoop Tirreno. 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 above mentioned list received 67.885% of the votes cast.

The Board of Directors currently comprises the following members: Gilberto Coffari (Chairman), Claudio Albertini (Chief Executive Officer), Roberto Zamboni, Aristide Canosani, Sergio Costalli (Vice Chairman), Leonardo Caporioni, Fernando Pellegrini, Fabio Carpanelli, Elisabetta Gualandri, Tamara Magalotti, Livia Salvini, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini and Massimo Franzoni.

Following the renewal of the Board of Directors on 19 April 2012, Francesco Gentili, Sergio Santi and Corrado Pirazzini are no longer members of the Board.

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 *bis* "Structure of the Board of Directors and Committees" attached.

The current Board of Directors is composed of members with different professional and personal characteristics, such as university professors, professionals, businessmen, as well as company executives. The majority of the directors appointed is in possession of the independence requirement under the provisions of the Code of Conduct and the TUF.

The personal characteristics and professional experience of the single members of the Board of Directors are provided below.

GILBERTO COFFARI
Chairman

Gilberto Coffari, born in 1946, has been Chairman of IGD's Board of Directors since its formation in 2000. From 2006 through 2011 he was Chairman of Coop Adriatica. Currently he is Vice Chairman of Unipol Banca. Mr. Coffari has acted as a Director and Chairman of the Board for a number of cooperatives, a world he has been part of for more than 40 years. *He also holds the offices listed in Table 4.*

SERGIO COSTALLI
Vice Chairman

Born in 1952, Sergio Costalli is Chairman of Unipol Merchant, Vice Chairman of Unicoop Tirreno and Unipol Banca, in addition to being a Director and member of the Chairman's Committee of Unipol Gruppo Finanziario and Director of Finsoe. He has matured important professional experience, particularly in Unicoop Tirreno where he has held managerial and top positions in administration, finance, legal affairs and asset management since 1989. He has been Vice Chairman of IGD since 2003.
He also holds the offices listed in Table 4.

CLAUDIO ALBERTINI
Chief Executive Officer

He was born in 1958. At the helm of IGD since May 2009, after having previously acted as a company Director for three years. For more than twenty years Mr. Albertini was part of the Gruppo Unipol where he ultimately acted as General Manager of Unipol Merchant. His understanding of cooperative companies is an important premise to IGD's ability to become an aggregator of large parts of the real estate portfolios held by Coops in the future.
He also holds the offices listed in Table 4.

ROBERTO ZAMBONI
Director

Mr. Zamboni, born in 1950, has been Head of Development and Asset Management at Coop Adriatica, a company where he also acted as technical director, since 2006. Mar. Zamboni has matured experience specifically in real estate and construction, thanks also to his prior professional experiences and his training as a structural engineer. *He also holds the offices listed in Table 4.*

ARISTIDE CANOSANI
Director

Born in 1935. Chairman of CreditRas Vita and CreditRas Assicurazioni, Mr. Canosani was in charge of UniCredit Banca for eight years after having worked in Rolo Banca 1473, Carimonte Banca and Banca del Monte di Bologna and Ravenna. Certified financial auditor, Aristide Canosani makes a priceless contribution to IGD's BoD thanks to both his vast experience and expertise in finance. *He also holds the offices listed in Table 4.*

LEONARDO CAPORIONI
Director

A Chartered Public Accountant and Financial Auditor, Mr. Caporioni, born in 1964, is head of Administration and Financial Reporting at Uniccop Tirreno, a group where he has worked since 1991 holding positions of increasing responsibility. He also acts a director and statutory auditor for a number of national and regional (Tuscany) cooperatives. *He also holds the offices listed in Table 4.*

FERNANDO PELLEGRINI
Director

He was born in 1964. Head of Finance at Unicoop Tirreno, where he has worked since 1995 in administration, finance and control. Mr. Pellegrini is also Chairman of SO.GE.FIN. and Vice Chairman of Simgest and Holmo del Tirreno. *He also holds the offices listed in Table 4.*

FABIO CARPANELLI
Director

He was born in 1938. Chairman of Autostazione in Bologna and member of the Supervisory Committee of Manutencoop Facility Management; in the past Mr. Carpanelli has also acted as Chairman of Consorzio Cooperative Costruttori C.C.C. in Bologna, of SMAER, of ANCPL-Legacoop and of Cooperativa Terraioli in Bologna. *He also holds the offices listed in Table 4.*

ELISABETTA GUALANDRI
Director

Born in 1955, Ms. Gualandri received a degree in Business Economics from the University of Modena and a Master's degree in Financial Economics, from the University College of North Wales (UK) and is listed in the role of auditors. She is a professor of Financial Intermediation at the Universities of Modena and Reggio Emilia, where she teaches banking and finance and is part of related research groups (CEFIN – Centro Studi Banca e Finanza, and Softech-ICT – Centro interdipartimentale di ricerca industriale). She is a member of the Scientific Committee of the Knowbel Incubator in Modena - Unione dei Castelli. She was a statutory auditor for the Bank of Italy from 2007 to 2012, and is currently a member of the Board of Directors of Banca Popolare dell'Emilia Romagna. She has vast academic experience, has been the author of several publications, participated in numerous research projects, as well as national and international conventions relating, above all, to regulation and banking supervision, the financial crisis, financing of innovative SMEs and start-ups. *She also holds the offices listed in Table 4.*

TAMARA MAGALOTTI
Director

Ms. Magalotti, born in 1948, holds a degree in Business Economics and was a member of the BoD and manager of CMC in Ravenna, where she matured most of professional experience, as part of the Corporate and Legal Affairs Division.

LIVIA SALVINI
Director

She was born in 1957. Professor of Tax Law at LUISS - Guido Carli University in Rome and Avvocato Cassazionista (the highest order of attorneys), Ms. Salvini holds a doctorate in Tax Law, boasts a twenty year academic career and has been part of numerous ministerial and government commissions and studies. *She also holds the offices listed in Table 4.*

ANDREA PARENTI
Director

He was born in 1957. Chartered public accountant, financial auditor and technical consultant for the courts, Mr. Parenti is Chairman, member of the Board of Statutory Auditors and Board of Directors of a number of commercial, real estate and manufacturing companies. Before establishing his own firm he was a manager and partner of Ernst & Young. *He also holds the offices listed in Table 4.*

RICCARDO SABADINI
Director

He was born in 1957. Avvocato cassazionista (the highest order of attorneys), justice of the peace and tax commission appeals court judge, Mr. Sabadini acts as a consultant for cooperative companies, municipalities, public entities and industry associations with regard, above all, to extraordinary corporate transactions and restructuring. He is the author of several publications and a professor of corporate law. *He also holds the offices listed in Table 4.*

GIORGIO BOLDREGHINI
Director

A civil engineer with vast experience in the retail real estate sector and in logistics. He has acted as a manager and director of a number of different engineering companies. He has been responsible for many national and international projects relating to manufacturing, infrastructure and logistics. *He also holds the offices listed in Table 4.*

MASSIMO FRANZONI
Director

He was born in 1956. Professor of Civil Law at the University of Bologna and Avvocato Cassazionista (the highest order of attorneys), Mr. Franzoni is Head of the School of Specialization for legal professions at the same university; he is a member of the scientific committee of the Forensic Foundation of Bologna; he is editor-in-chief of the magazine "La responsabilità civile"; he has published several works relating to civil and commercial law. He is the Representative of the shareholders holding privileged class shares of Unipo Gruppo Finanziario and also acts as a director of Carimonte Holding and UniCredit Private Banking. *He also holds the offices listed in Table 4.*

The current composition of the Board of Directors already complies with the current laws relating to gender equality, as the Company had already amended its bylaws to comply with Law 120/2011 during the Annual General Meeting held on 19 April 2012.

Toward that end, when the majority shareholders presented their lists for the renewal of the Board of Directors, the number of candidates of the least represented gender reflected the voluntary and early compliance with the laws introduced relating to gender equality which took effect on 12 August 2012.

It should also be pointed out that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate at least one fifth of the directors and statutory auditors should be of the least represented gender. During the Annual General Meeting held on 19 April 2012 the shareholders granted the Board of Directors the power, pursuant to Art. 2365, paragraph two, of the Italian Civil Code to make the additional changes to the bylaws relating to the criteria used to guarantee equal gender opportunities during the voting process, to substitute members who leave office before the end of their term, as well as the additional bylaw amendments needed to comply with the laws relating to gender equality.

As discussed in paragraph 4.1 above, on 28 February 2013 the Board of Directors resolved to ask the shareholders, meeting in extraordinary session on 18 April 2013, in first call, and 19 April 2013, in second call, to approve other amendments to the bylaws in order to introduce a mechanism to ensure compliance with the current laws relating to gender equality in the election of Board members.

In compliance with the Corporate Governance Code, the directors take office only when they believe that they will be able to dedicate the time needed to carry out their duties diligently, including in light of their roles in any Board committees, as well as the workload connected to their professional activities, the number of and time dedicated to other offices held as director or statutory auditor in other companies as per the limits on multiple assignments described below, ensuring that this condition remains throughout their term of office.

The Directors, aware of the responsibilities inherent in the office held, must be constantly updated on the newest legislative and regulatory developments affecting the Company and its business.

The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company regulates 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 December 2012", attached.

Over the years the Company, in line with the practice adopted since 2009, has promoted group meetings with the Directors and the Statutory Auditors in order to further explore topics linked to the global market environment in which the Company operates and analyze the unique characteristics of the Company's core business and any strategic opportunities.

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 which meets on a regular basis and which is organized in such a way as to guarantee that its duties are carried out efficiently.

The Board of Directors primary responsibility is to determine and pursue the strategic objectives of the Company and the entire Group.

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 2013:

- **28 February 2013:** Board of Directors' meeting to examine the separate and consolidated financial statements at 31 December 2012;
- **9 May 2013:** Board of Directors' meeting to examine the Interim Management Statement at 31 March 2013;
- **7 August 2013:** Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2013;
- **7 November 2013:** Board of Directors' meeting to examine the Interim Management Statement at 30 September 2013.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2013.

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. He must ensure that the Board of Directors constantly pursues its primary responsibility, namely achieving the strategic goals of the Company and the entire Group.

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.

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 Chairman of the Board of Directors works to ensure that the directors and statutory auditors receive the documentation relating to the items on the Agenda in a timely manner and prior to the date on which the meeting is to be held[2].

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. The Chairman of the Board of Directors, including if requested by one or more directors, may request that the Chief Executive Officer invite executives of the Company or Group companies to attend the Board meetings to provide in depth information about the items on the Agenda.

During the year ended 31 December 2012, the Board of Directors held 8 meetings, on 8 March, 19 April, 10 May, 17 May, 28 August, 2 October, 8 November, 27 November, 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 and/or external parties, so

1. Corporate Governance Code: Art. 1.C.3.
2. Corporate Governance Code: Art 1.C.5.

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:

a) examines and approves the strategic, business and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries, periodically monitoring implementation; defines the Company's corporate governance system and Group structure;

b) defines the nature and level of risk deemed compatible with the Company's strategic objectives;

c) judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries with particular reference to the internal control system and the management of conflicts of interest;

d) 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;

e) establishes the frequency with which the delegated bodies must report to the Board of Directors on the progress made during the year relating to their assignments and the most significant operations carried out in the period, which will, at any rate, not be more than once a quarter;

f) evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;

g) resolves on the operations carried out by the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, determines the general criteria to be used to define material transactions and ensures that the strategically significant subsidiaries submit any transactions that could have a significant impact on the Company to the Board of Directors for approval;

h) evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, also taking into account professional qualifications, experience, including as a manager, along with the nature of its members and their seniority ;

i) in light of the results of the assessment referred to in letter h) above, expressed to the shareholders, prior to the appointment of the new Board of Directors, any opinions about the type of professional that should be part of the Board;

l) provides information in the report on corporate governance: (i) on the composition of the Board, indicating the qualifications (executive, non executive, independent), offices held within the Board (for example, Chairman or Chief Executive Officer), the main professional characteristics, as well as how long the office has been held; (ii) on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member; (iii) on the ways the assessment in letter h) above was carried out (iv) on the timeliness and completeness of the information provided before the Board, providing indications if the information was provided in a timely enough manner – and, at any rate, in accordance with the Company's bylaws;

m) after the appointment of an independent director and, subsequently when circumstances materialize which could impact the latter's independent status and, at any rate 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[3]: 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). In these documents the Board of Directors: (i) indicates if parameters other than those indicated in the Corporate Governance Code were used, including with regard to a single director; and (ii) describes the quantitative and/or qualitative criteria used to assess the significance of the relationships being evaluated[4].

n) each year, based on the information received from the Directors, records notes in the Report on Corporate Governance, the assignments held by Directors in other companies as directors or statutory auditors in financial, banking, insurance or large companies, listed on regulated markets (in Italy or abroad);

o) expresses an opinion with regard to the criteria to be used to determine the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of Company director, taking into account the position held in any Board committees[5]. Toward this end, on the basis of a specific procedure[6], looks at the workload connected with each directorship (executive director, non executive or independent), including in relation to the type and size of the company in which the offices are held, as well as whether the latter are part of the Group;

p) determines, based on the opinion of the Nominations and Remuneration Committee, who is to be appointed to act as a Company executive, as well as a member of the Board of Directors, Board of Statutory Auditors, Chief Executive Officers and General Manager of the strategically relevant subsidiaries; based on the opinion of the Nominations and Remuneration Committee, determines compensation;

q) promotes initiatives designed to facilitate active and informed shareholder participation, as well as the exercise of shareholder rights, guaranteeing that they are provided with timely and complete information;

r) ensures that the Decree 231/2001 Organizational, Management and Control Model is updated and complied with, while completing a risk map of the potential criminal violations with the support of the Supervisory Board;

s) appoints, subject to the opinion of the Board of Statutory Auditors, a Financial Reporting Officer in accordance with Law 262/2005;

t) may call upon an independent Director to act as lead independent director, a point of reference and coordinator for all positions and activities of the non executive, and in particular, independent directors[7];

u) in the event the shareholders, in light of organizational needs, authorize that an exception be made to the non compete clauses referred to in Art. 2390 of the Italian Civil Code, evaluates on the merits of each situation and reports its findings to the first Shareholders' Meeting. Toward this end, upon appointment each Director will inform the Board of any activities carried out which compete with those of the Issuer and any relevant changes;

v) in order to ensure the correct handling of corporate information, updates, based on the proposal of the Chief Executive Officer of the Chairman of the Board of Directors, the Procedures for the management, handling and disclosure of confidential information and documents, with regard particularly to price sensitive information[8];

z) evaluates whether a succession plan for the executive directors should be adopted or not, subject to the opinIon of the Nominations and Remuneration Committee[9].

The functions of the Board of Directors, as described above, comply with the new version of the Code.

Pursuant to the Corporate Governance Code, the Board of Directors, during the meeting held on 28 February 2013, 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 Control and Risk Committee (formerly 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[10].

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.

In 2012, 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; (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.

With regard to the latter, for the year that closed on 31 December 2012, 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.

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 2012, was conducted in the months of January and February 2013 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 2011 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 28 February 2013. 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[11].

3. Corporate Governance Code Art. 3.P.2
4. Corporate Governance Code Art.3.C.4
5. Corporate Governance Code Art. 1.C.3
6. Toward this end the Company has established limits for mutliple assignments approved by the Board of Directors on 13 December 2010
7. Corporate Governance Code Art. 2.C.3
8. Comment on Art. 1 Corporate Governance Code
9. Corporate Governance Code Art. 5.C.2
10. Corporate Governance Code Art. 1.C.4
11. Corporate Governance Code Art. 1.C.4

3.4.4 Executive Directors

→ Chief Executive Officer

The bylaws[12] 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 19 April 2012, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers, which were subsequently amended on 8 November 2012:

- 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;
- 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.
- to define, together with the Chairman, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chairman, Vice Chairman and/or Chief Executive Officer of subsidiaries and affiliates so that the Chairman may submit them to the Nominations and Remuneration Committee;
- to oversee the appointment of the main managerial positions within the Group;
- to define, together with the Chairman, the proposals for the compensation of the Company's and Group's top management to be submitted to the Nominations and Remuneration Committee;
- to ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

Pursuant to the Corporate Governance Code, the Company's Chief Executive Officer is primarily responsible for the business operations. In this regard, please note that the Chief Executive Officer does not act as a director for another Issuer that is not part of the same Group of which a director of the Company is Chief Executive Officer.

→ Chairman and Vice Chairman of the Board of Directors

In compliance with the bylaws[13] 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[14] 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 19 April 2012, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions, subsequently amended on 8 November 2012:

- 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 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.

- to act as the director in charge of Internal Control and Risk Management; in this role, working with, to the extent necessary, the Chief Executive Officer, he: (i) works to identify the main business risks of the Company and its subsidiaries; (ii) executes the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying the overall adequacy, efficacy and efficiency; (iii) reports periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures; (iv) adapts this system to any change in operating conditions, the law or regulations; (v) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results; (vi) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

During the meeting held on 8 November 2012, the Board of Directors, with a view to adopting a system more in line with best practices which allow for the management of control functions to be separated from operations, called upon the Chairman, Gilberto Coffari, to act as the director in charge of Control and Risk Management who, following this assignment, is considered the executive director. At the same time the relative powers originally granted to the Chief Executive Officer were revoked.

During the meeting held on 19 April 2012, 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*, par. 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 http://www.gruppoigd.it/Governance

3.4.5 Other Executive Directors[15]

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director. Following the appointment of the Chairman of the Board of Directors as the Director in Charge of Control and Risk Management and the powers granted[16] during the Board meeting held on 8 November 2012, the former is considered Executive Director.

12. Art. 23 of the bylaws
13. Art. 17 of the bylaws
14. Art. 24.1 of the bylaws
15. Corporate Governance Code: Art. 2.C.1.
16. Comment on Art. 7 Corporate Governance Code

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 28 February 2013 the Board of Directors confirmed that the independent directors appointed Giorgio Boldreghini, Fabio Carpanelli, Massimo Franzoni, Elisabetta Gualandri, Tamara Magalotti, Andrea Parenti, Riccardo Sabadini, Livia Salvini still qualified as such[17]. In accordance with the Corporate Governance Code, on 13 February 2013 the Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board[18]. As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 61.5% 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 2012 (27 November 2012) 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, at that time, the Chairman of the Board of Directors was also the Chairman of the Board of Directors of the Company's majority shareholder.

Following the recent renewal of the Board of Directors, during the Board meeting held on 19 April 2012 the Company deemed that the appointment of a Lead Independent Director could help guarantee the above and enhance the role of the independent directors, in line with the Company's practices, and appointed independent director Riccardo Sabadini to act as Lead Independent Director.

In order to improve the contribution and role of the independent directors will refer to the Lead Independent Director, who will act as the reference person and coordinator for all positions and activities of the independent directors and, will also work with the Chairman of the Board of Directors in order to ensure that the directors receive complete and timely information.

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.

In 2012 the Lead Independent Director called a meeting of all employees on 27 November 2012.

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[19].

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 TUF and with the implementation provisions found in Arts. 152-sexies et seq. of 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 http://www.grup-poigd.it/Governance.

17. Corporate Governance Code: Art. 3.C.4
18. Corporate Governance Code: Art. 3.C.5
19. Corporate Governance Code: Comment on Art.1

3.6 Board Committees

(pursuant to Art. 123-*bis*, par. 2, lett. d), TUF)

In 2008 the Board of Directors, in compliance with Code recommendations, formed the Chairman's Committee, the Control and Risk Committee (formerly the Internal Control Committee) and the Committee for Related Party Transactions.

As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 42.773% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 (d) of the Market Regulations, based on which the committees formed pursuant to the Corporate Governance Code must comprise only independent directors as defined in TUF and the Corporate Governance Code.

In 2012, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee" in accordance with the recommendations found in the comments on Article 4 of the Code and having met the organizational requirements referred to. The members of the previously mentioned committees were recently elected when the Board of Directors was renewed in April 2012 (with regard to the Committee for Related Party Transactions, please refer to paragraph 12 "Directors' interests and related party transactions").

3.7 Nominations and Compensation Committee

During the meeting held on 19 April 2012 the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single “Nominations and Compensation Committee”.

The two committees were combined for internal organizational purposes, as the members of the former Compensation Committee possess the same requirements relative to independence, professionalism and experience as the members of the Nominations Committee.

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

The Nominations and Compensation Committee consists of three non-executive independent directors in the persons of Andrea Parenti, Chairman, Fabio Carpanelli and Tamara Magalotti. The Board of Directors, after having seen the *curricula* of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with remuneration policies.

The meetings of the Nominations and Compensation Committee may be attended by the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer.

No director may attend a meeting of the Nominations and Compensation Committee during which his/her compensation is being discussed.

In 2012, prior to 19 April 2012 when the new Nominations and Compensation Committee was formed, the Nominations Committee met twice and all members attended, while the Compensation Committee met one time and all its members attended. Each meeting lasted approximately one hour.

Since its formation on 19 April 2012, the Nominations and Compensation Committee met 4 times. All members attended and expressed opinions regarding the choice of the subsidiaries’ directors. Each meeting lasted approximately one hour.

→ Functions of the Nominations and Compensation Committee

The Nominations and Compensation Committee: (i) 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; (ii) provides recommendations relating to remuneration in order to ensure that the compensation of the Company’s directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and it subsidiaries. The Committee also proposes candidates to the Board in the event it’s necessary to substitute the independent directors.

The Nominations and Compensation Committee may also be called upon to provide the Board of Directors with an opinion about the periodic self-assessment, the optimal size and composition of the Board and to express opinions regarding the members of the Board and the characteristics of the professionals that could improve the functioning of the Board, as well as the maximum number of assignments as director and statutory auditor in other companies, as well as any allowable exceptions to the non compete clauses.

The Nominations and Compensation Committee will periodically assess the adequacy, the coherence and the implementation of the compensation policy availing itself, with regard to the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer.

The 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.

The Company will provide the Nominations and Compensation Committee with the financial resources needed to fulfil its duties.

Detailed information about the functions of the “Nominations and Compensation Committee” can be found in the Remuneration Report, published pursuant to Art. 123-*ter* of TUF, available on the website http://www.gruppoigd.it/Governance/Remunerazione.

3.8 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.

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 2012.

3.9 Control and Risk Committee

As already mentioned above in the Company Profile, during the meeting held on 8 November 2012 the Company updated the Corporate Governance Code which, along with others documents, is one of the tools used by the Company to regulate its governance internally.

The Control and Risk Committee (formerly the Internal Control Committee) was formed by the Board of Directors in accordance with the recently updated "Corporate Governance Code"[20].

→ Composition and role of the Control and Risk Committee (pursuant to art. 123-*bis*, par. 2, lett. d), TUF)

The Control and Risk Committee is made up of three non-executive directors, the first two of whom are independent, in the persons of Elisabetta Gualandri, Chairman, Massimo Franzoni and Livia Salvini. As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 42.773% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 (d) of the Market Regulations, based on which the Internal Control Committee (now the Risk and Control Committee) must comprise only independent directors as defined in TUF and the Corporate Governance Code. The Board of Directors, after having seen the curricula of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with compensation policies.

Upon appointment, the Board of Directors examined the curricula of the independent director candidates verifying that they met at least one of the requirements in terms of experience in accounting and finance having worked at least three years as: (i) managers in administration, finance and control departments of joint stock companies, or (ii) professional activities or as confirmed university professors in law, economics or finance, or (iii) managers of public bodies or public administrations active in the banking, financial and insurance sectors.

The Chairman, the Vice Chairman, and typically the Chief Executive Officer, are invited to attend the meetings of the Risk and Control Committee; the Chairman of the Board of Statutory Auditors or another statutory auditor on his/her behalf may also attend the meetings.

In 2012, through 19 April 2012, the "Control and Risk Committee" met one time on 6 March. All members attended and minutes were regularly taken.

As of 19 April 2012, when the new members of the "Control and Risk Committee" were appointed, the Committee met 4 times on 10 May, 19 July, 7 August and 8 November. Minutes of the meetings were regularly taken.

Each meeting lasted an average of 1 hour with attendance reaching 100% for Chairman Elisabetta Gualandri, 100% for Livia Salvini and 75% for Massimo Franzoni.

The Chairman of the Board of Statutory Auditors attended 80% of the meetings of the "Control and Risk Committee".

→ Functions of the Control and Risk Committee

The Control and Risk Committee provides the Board of Directors with a preliminary opinion regarding the execution of the following:

a) definition of the guidelines for the Company's internal control and risk management system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also determining the extent to which these risks are compatible with the correct management of the business and the strategic objectives identified;
b) yearly evaluation as to the adequacy of the internal control and risk management system with respect to the type of business and risk profile, as well its efficacy;
c) approval, at least yearly, of the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the director, Head of the Internal Control and Risk Management System;
d) description of the main characteristics of the internal control and risk management system, providing its own evaluation as to the adequacy of the former ;
e) evaluation, after having consulted with the Board of Statutory Auditors, of the findings of the external auditors in the letter of recommendations and the report on the main issues that emerged during the financial audit;
f) appointment and suspension, as proposed by the director in charge of Control and Risk Management System and after having consulted with the Board of Statutory Auditors, of the Head of Internal Audit.

The Control and Risk Committee, in addition to assisting the Board of Directors on the matters above, also:

a) assesses, along with the Financial Reporting Officer and after having consulted with the external auditors and the Board of Statutory Auditors, the appropriateness of the accounting standards adopted and, if Groups are involved, their uniformity with a view to the preparation of the consolidated financial statements;
b) expresses opinions on specific aspects concerning the identification of business risks;
c) examines the periodic reports in which the internal control and risk management system is evaluated, along with any particularly relevant reports prepared by internal audit.
d) monitors the independence, adequacy, efficacy and efficiency of the internal audit function;

20. Corporate Governance Code: Art 7.C.2

e) may ask internal audit to carry out controls of specific operating units, while, at the same time, advising the Chairman of the Board of Statutory Auditors;

f) 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 and risk management system.

The functions attributed to the Control and Risk Committee are not exhaustive and may be increased.

The Board of Directors ensures that the Control and Risk Committee receives adequate support in carrying out its duties.

During the meetings held in 2012 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 which involved: finance, investments, treasury, accounts receivable, workplace safety, as well as controls of other specific items which include derivatives, sponsorships, and verification that the SIIQ requisites are still fulfilled.

c. issue of a positive opinion with regard to the appointment of the Head of Internal Audit;

d. examination of the results of the Enterprise Risk Management activities carried out in 2012;

e. illustration of the 2013 audit plain, prepared by the Head of Internal Audit and based on the risk prioritization process that is part of risk management.

f. The Company guarantees that the Control and Risk Committee will have the financial resources needed to fulfil its duties.

3.10 Internal Control and Risk Managment System

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 with a view to creating medium/long term value for shareholders.

This system is part of the Company's overall organizational and corporate governance structure and reflects the reference models, as well as national and international best practices.

This internal control system helps guarantee the safeguarding of the company's assets, the efficiency and efficacy of the company's operations, the reliability of financial information, and compliance with laws and regulations, as well as the bylaws and internal procedures.

During the meeting held on 8 November the Board approved new Rules for Corporate Governance in which the roles and responsibilities relating to control and risk management are outlined. These rules reflect the corporate governance documents which the company had previously adopted and which were included in prior versions of the Report on Corporate Governance, namely "IGD's Internal Control System".

The content of the above mentioned "Rules for Corporate Governance" is in line with the Corporate Governance Code.

The internal control and risk management system involves, to the extent of their expertise:

i) the Board of Directors;
ii) the Director charged with creating and managing an effective internal control and risk management system;
iii) the Control and Risk Committee, as the voice of the Board of Directors, formed in accordance with the Corporate Governance Code which must support, after having received adequate information, the evaluations and decisions made by the Board of Directors relating to the internal control and risk management system, as well as the decisions relating to the approval of the periodic financial reports;
iv) the Head of Internal Audit, charged with verifying that the internal control and risk management system is functional and adequate;
v) the Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;
vi) other roles and company divisions assigned specific duties relating to internal control and risk management based on the size, complexity and profile of the business risks (including, for example, the Supervisory Board created pursuant to Legislative Decree 231/2001);
vii) the Board of Statutory Auditors which monitors the efficacy of the internal control and risk management system.

The Board of Directors ensures that the assessments and decisions made relating to the internal control system, the approval of the annual and half-year reports, as well as the relations between the Company and the external auditors are supported by an adequate exchange of information.

The Board of Directors, as part of its strategic supervision, defines the guidelines for the control systems in line with the Company's business risk previously determined by the Board[21].

The Board, by law, must also periodically verify the adequacy of the control systems. Unforeseen events, however, may require further investigation in order to verify the efficacy of the controls in relation to particular situations[22] and the Board, therefore, is also responsible for the adoption of an adequate system in light of the business's characteristics.

Toward this end an efficient organization of the workflow is key to ensuring that any questions relating to internal control, in general, and risk management, in particular, are discussed with the Board after having been adequately briefed by the Control and Risk Committee.

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, 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) identification of the "risk indicators", which make it possible to identify and assess the impact that the risks under examination could have on the company's performance; (vi) assessment of the level of

21 Comment - Art. 7 Corporate Governance Code
22 Comment - Art. 7 Corporate Governance Code

risk coverage based on the control mechanisms used; (vii) prioritization of the risks and the steps to be taken; (viii) risk tolerance analysis in accordance with the instructions received from the Group's top management; (ix) definition of the management and control strategies and assignment of responsibilities; (x) monitoring implementation of the system and related activities over time.

In 2012 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. More in detail, the project called for the creation of a risk analysis template (Tableau De Bord) based on Key Risk Indicators which are used to better assess the possible impact of the risks identified during the Risk Assessment performed in 2010 and updated in 2012.

More in detail, the risk analysis template provides for both a quantitative analysis of risk scenarios in order to understand the impact of the different risk scenarios on the Company's assets and the identification of Key Risk Indicators, including in relation to the adoption and implementation of control systems and any improvement that might be needed, which make it possible to predict what could happen if the level of risk should change, calculate the economic and financial impact, as well as monitor the performance.

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

In 2012 IGD also monitored "key risks" (more in detail: credit risk – consortiums of IGD shopping centers and the risk that the global market and competitive could change for the subsidiary WinMarkt, as well as credit risk), in order to understand how to better contain the risk (as was done as part of the risk assessment in 2010 and self -assessment in 2011), and update them in light of the new activities undertaken by the Company to control the risks identified and find any areas which could be improved or changed.

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

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.

21 Commento art. 7 Codice Autodisciplina

22 Commento art. 7 Codice Autodisciplina

→ 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.

* * *

3.10.1 Director in charge of the Internal Control and Risk Management System

During the meeting held on 8 November 2012 the Board of Directors, in light of the changes linked to the new Corporate Governance Code, called upon the Chairman of the Board of Directors to act as the Director in Charge of the Internal Control and Risk Management System who, following this assignment, is considered an executive director. Previously, the executive director in charge of the internal control system had been the Chief Executive Officer.

In particular the director in charge of internal control and risk management has the following duties:

a) identification – working with the Chief Executive Officer to the extent necessary - of the main business risks of the Company and its subsidiaries, and periodically submiting same to the Board of Directors for examination;

b) execution of the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying their overall adequacy, efficacy and efficiency;

c) report periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures;

d) adapt this system to any change in operating conditions, the law or regulations;

e) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results;

f) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

3.10.2 Head of Internal Audit

During the meeting held on 8 November 2012 the Company's Board of Directors, in light of the changes in the new Corporate Governance Code and, in particular, the Head of Internal Audit, who now reports directly to the Board of Directors, resolved to appoint the company Unilab to act as Head of Internal Audit in outsourcing based on the proposal of the Director in Charge of the Internal Control and Risk Management System subject to the favourable opinion of the Board of Statutory Auditors. Unilab will carry out the control and risk management activities in 2013 and define the compensation for the assignment.

More in detail, the Head of Internal Audit:

a) verifies, continuously, as well as when specific needs arise and in accordance with international standards, the functioning and adequacy of the internal control and risk management system, based on an audit plan, prepared by the Head of Internal Audit and approved by the Board of Directors based on a structured analysis and prioritization of the main risks;

b) is not responsible for any operational areas and reports directly to the Board of Directors;

c) has direct access to all the information needed to carry out the assignment;

d) prepares periodic reports containing adequate information regarding the activities, how risk management is carried out, as well as the status of the plans defined. The periodic reports contain an evaluation as to the adequacy of the internal control and risk management system;

e) prepares reports about important events in a timely manner;

f) provides the above reports to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in Charge of the Internal Control and Risk Management System (i.e. the Chairman of the Board of Directors);

g) verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM process, ensuring that the Chief Executive Officer, the Control and Risk Committee and, when requested, the Board of Directors, are provided with progress reports.

3.10.3 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. In 2012 the Company, as new crimes were added to those for which the Company could be found liable, mapped the core business activities at risk and, consequently, updated the Model and provided employees and management with training in this regard.

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, renewed on 19 April 2012, is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Aristide Canosani and Livia Salvini.

At 19 April 2012 the Supervisory Board had met once on March 8. All members were in attendance.

After 19 April 2012 the Supervisory Board met 4 times on 10 May, 11 July, 28 August and 8 November, with attendance reaching 100% for Chairman Fabio Carpanelli, 75% for Director Livia Salvini and 100% for Director Aristide Canosani.

The Model is also available on the company's website http://www.gruppoigd.it/Governance.

3.10.4 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 2006-2012. 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.

As the nine year assignment granted Reconta Ernst&Young S.p.A. is expiring, the granting of the assignment to a new financial audit company will be resolved upon by the shareholders during the next Annual General Meeting called on 18 and 19 April 2013, in first and second call, respectively.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2012 can be found in the notes to the separate and consolidated financial statements.

3.10.5 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.

3.10.6 Coordination of the Internal Control and Risk Management System Personnel

In order to facilitate coordination of the control activities, the Company deemed it useful and opportune to outline the methods of operation as described below.

The Chairman of the Board of Statutory Auditors will call a meeting with the Chairman of the Control and Risk Committee with the frequency agreed upon and at least once a year to discuss the results of their respective control activities, to evaluate planning and the possible coordination of their respective activities. Toward this end, the Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

Other parties may be invited to attend the meetings which, in addition to periodically, may be called anytime there is a specific need and may include, in addition to the respective committees and bodies, including not as a group, the Director in Charge of the Internal Control and Risk Management System, the Head of Internal Audit, the Financial Reporting Officer, and the Chairman of the Supervisory Board.

In 2012 one meeting was held on 6 March and was attended by the entire Control and Risk Committee, the entire Board of Statutory Auditors, Internal Audit, the Lead Independent Director, the Chairman of the Supervisory Board, a partner of the external audit firm, the Director in Charge of the Internal Control and Risk Management System, the Financial Reporting Officer, as well as the Chairman of the Board of Directors.

The Chairman of the Control and Risk Committee and the Director in Charge of the Internal Control and Risk Management System meet with the Head of Internal Audit :

(i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Committee;
(ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

The Chairman of the Supervisory Board meets periodically, at least once every six months, with the Head of Internal Audit: (i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Supervisory Board; (ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

Other meetings may be held in addition to the meetings referred to above with the parties listed in this report who are involved in control functions and may be called by the respective Chairmen of the bodies referred to, including together.

3.11 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 19 April 2012. 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 once in 2012 on 13 November. All members were in attendance.

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 http://www.gruppoigd.it/Governance.

3.12 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. The lists may be submitted by the shareholders or groups of shareholders holding the interest specified in Consob regulations (for 2013 equal to 2.5% of the Company's share capital).

The composition of the current Board of Statutory Auditors complies with the current law relating to gender equality insofar as the Company already amended its bylaws to reflect the provisions of Law 120/2011 during the Annual General Meeting held on 19 April 2012.

Pursuant to Art. 26.9, the standing and alternate auditors are appointed and substituted in such a way as to guarantee that the composition of the Board of Statutory Auditors complies with the current law relating to gender equality.

It should also be reiterated in this section of the Report that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate at least one fifth of the directors and statutory auditors should be of the least represented gender. During the Annual General Meeting held on 19 April 2012 the shareholders granted the Board of Directors the power, pursuant to Art. 2365, paragraph two, of the Italian Civil Code to make the additional changes to the bylaws in light of the criteria used to guarantee equal gender opportunities during the voting process, to substitute members who leave office before the end of their term, as well as the additional bylaw amendments needed to comply with the laws relating to gender equality.

On 28 February 2013 the Board of Directors resolved to ask the shareholders, meeting in extraordinary session on 18 April 2013, in first call, and 19 April 2013, in second call, to approve other amendments to the bylaws in order to introduce a mechanism to ensure compliance with the current laws relating to gender equality in the election of the Board of Statutory Auditors, as well as increase the number alternate statutory auditors from two to three in order to comply with the law.

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.

3.13 Composition and Role of The Board of Statutory Auditors

(pursuant to Art. 123-*bis*, paragraph 2 (d) of TUF)

The current Board of Statutory Auditors appointed during the Annual General Meeting held on 19 April 2012, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), Roberto Chiusoli (standing auditor), Corsi Pasquina (standing auditor), all majority list candidates, Isabella Landi (alternate auditor) and Monica Manzini (alternate auditor), both majority list candidates. No minority lists were presented.
The above mentioned list received 67.885% of the votes cast.

The personal characteristics and professional experience of the single members of the Board of Statutory Auditors are provided below.

ROMANO CONTI
Chairman

Born in Bologna on 27 August 1948, Mr. Conti received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant and partner of Associazione Professionale Studio Gnudi, with which he has worked since the firm's inception. He is a financial auditor and provides tax planning advisory services relating to national accounting standards and tax related litigation. He is an associate of the firm ACB Group S.p.A., a consultancy based in Milan. He is a Director of Bologna's Order of Chartered Public Accountants and Accounting Experts. *He also holds the assignments listed in Table 5.*

ROBERTO CHIUSOLI
Standing Auditor

Born in Bologna, on 15 Settember 1964, Mr. Chiusoli received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant, registered with Bologna's Role of Chartered Public Accountants and Accounting Experts since 1992, and a Certified Auditor. From 1989 through 1991, he worked in the tax division of a firm that provided legal and tax advisory services. From 1991 to 1996, he worked with Uniaudit S.p.a. auditing and certifying financial statements and ultimately was the head of tax audit. In the same sector, he worked with the financial audit firm Reconta Ernst & Young on the audit and certification of financial statements. As of 16 September 1996 Mr. Chiusoli is part of Legacoop Bologna where he is head of the tax assistance bureau. He is the coordinator of the fiscal services for Legacoop Emilia - Romagna. He works with, as a member of the editing committee and as a writer, the publishing company Ipsoa on texts relating to corporate and tax issues of cooperative companies. He is a member of the control bodies of several joint stock companies. *He also holds the assignments listed in Table 5.*

PASQUINA CORSI
Standing Auditor

Born in Piombino (LI) on 8 February 1957. Ms. Corsi received a diploma from the Piombino Commercial Technical Institute in 1976. She then worked to become an accredited bookkeeper and accountant in 1995. She is registered with the Role of Chartered Public Accountants and Accounting Experts in the province of Livorno and is active professionally in Campiglia Marittima (LI). She is also a registered financial auditor. Ms. Corsi has been a member of the Audit Board of the municipalities Campiglia Marittima and Castagneto Carducci for two terms. She has been a member of the Board of Statutory Auditors of the cooperative Le Corti in Montepitti, of Vignale Immobiliare S.p.A., of the cooperative Il Borgo di Campiglia and the consortium cooperative Global Service Tirreno. She acted as Chairman of the Board of Statutory Auditors of Consortile ARCO a.r.l. *She also holds the assignments listed in Table 5.*

The statutory auditors were appointed on the basis of a list system for three years, through the date on which the Annual General Meeting is called to approve the financial statements for the year ending on 31 December 2014.

Up until 19 April the Board of Statutory Auditors had met 5 times on 1 February, 24 February, 6 March, 19 March and 27 March with attendance reaching 100% for Chairman Romano Conti, 40% for standing auditor Roberto Chiusoli and 80% for standing auditor Franco Gargani. Each meeting lasted an average of 2 hours.

Since 19 April the Board of Statutory Auditors met 4 times on 17 May, 25 June, 3 August, 2 October with attendance reaching 100% for Chairman Romano Conti, 75% for standing auditor Roberto Chiusoli and 75% for standing auditor Pasquina Corsi. Each meeting lasted an average of 2 hours.

A few meetings were also held with, in particular, Company management, representatives of the external audit company, as well as the Control and Risk Committee (formerly the Internal Control Committee).

The Board of Statutory Auditors verified that its members qualify as independent under the Corporate Governance Code and TUF. This verification was made after the appointment and will be carried out each year.

The Board of Statutory Auditors supervises the work of the external auditors.

Furthermore, shareholders grant the assignment to the external auditors on the basis of the motivated opinion submitted by the Board of Statutory Auditors.

Pursuant to Art. 19 of Legislative Decree n. 39/2010, the Board of Statutory Auditors also acts as the Committee for Internal Control and Financial Audit.

The statutory auditors, including individually, may carry out inspections and controls, as well as request that the Directors provide them with information about subsidiaries, about the status of corporate transactions or specific

ISABELLA LANDI
Alternate Auditor

Born in Meldola on 26 May 1964, Ms. Landi received a degree in Business Economics from the University of Bologna in 1989. She is registered with the Order of Chartered Public Accountants in Forli since 1990, is a registered financial auditor with the Ministry of Pardons and Justice, the Role of Technical Consultants of the court in Forlì and is a partner of the audit firm LABASE Revisoni S.r.l. headquartered in Forlì. Ms. Landi is an expert in accounting and tax matters, corporate restructuring (mergers, demergers, spin-offs, etc) and in the control and audit of ordinary and cooperative companies. Her professional experiences include staff of the Federation of the Cooperatives in the Province of Ravenna (Tax and Legal Assistance Office, from 1989 to 1993); Consultant for Federcoop Ravenna s.c.a.r.l. (Tax and Legal Assistance Office, from 1994 to 1999); Consultant for the tax office of Legacoop Forlì-Cesena (from 2000 to 2006). She is the sole auditor for the municipality of Roncofreddo and Chairman of the Board of Auditors of the municipality of Forlì. Other experiences include: member of the Prefect's Supervisory Commission of the Cooperatives in Ravenna from 1991 to 1996. She has been on the Board of Statutory Auditors of different cooperative, joint stock companies and local agencies. She has also been assigned to be the liquidator of several cooperatives and companies in voluntary liquidation and bankruptcy administrator for the court of Forlì. She has held several assignments relating to tax due diligence for important domestic companies. She has been a member of the Board of Auditors of the municipality of Meldola for two terms.

MONICA MANZINI
Alternate Auditor

Born in Bologna on 16 September 1964, Ms. Manzini received a degree in Business Economics from the University of Bologna. She is a Chartered Public Accountant, registered with the Order of Chartered Public Accountants for the Jurisdiction of the Court of Bologna and Financial Auditor. She works as a Chartered Public Accountant as a partner of Associazione Professionale Studio Gnudi in Bologna. Her areas of specialization include corporate restructuring through extraordinary transactions (spin-offs, mergers, demergers and transformations), domestic tax framework, business profitability and the issues linked to companies with primarily public shareholders. She acts as a moderator at post graduate seminars relating to tax implications of extraordinary corporate transactions (spin-offs, mergers, demergers and transformations). She has acted as Chairman of the Board of Statutory Auditors of Gmg Group S.r.l., Ducati Energia S.p.A., Meliconi S.p.A., Nute Partecipazioni S.p.A., Sansovino S.r.l,. as well as standing auditor of FIN.SAN. S.p.A., PRB S.p.A., Simpa Immobiliare S.r.l. , and Unifin S.p.A.

issues, or refer these requests directly to the subsidiaries' administrative and control bodies. The statutory auditors may ask the Head of Internal Audit to carry out audits of specific operating divisions or corporate transactions.

The Board of Statutory Auditors reports on its supervisory activities and any findings to the Annual General Meeting called to approved the full year financial statements in accordance with Art. 2364, paragraph 2, of the Italian Civil Code.

The statutory auditors may also submit proposals to the Annual General Meeting relating to the full year financial statements and their approval, as well as to other matters that they are responsible for.

The Board of Statutory Auditors(at least two statutory auditors), after having notified the Chairman of the Board of Directors, can call the Shareholders' Meetings, meetings of the Board of Directors and, if instituted, the Executive Committee.

The Board of Statutory Auditors, the external auditors, the Control and Risk Committee, as well as all the other entities involved in the supervision of the control systems, will exchange information about the execution of their assignments in a timely manner.

The Board of Statutory Auditors is, at any rate, invited to be proactive and not only reactive in its supervision. The Statutory Auditors should advise the Board of Directors as to the results of its controls so that the latter might implement any corrective measures needed.

The Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

The names of the statutory auditors in office through 19 April and those appointed on 19 April are shown in Tables 3 and 3 *bis*, respectively.

3.14 Relations with Shareholders

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 order to guarantee that the Shareholders' Meetings are conducted in an orderly fashion, during the Shareholders' Meeting held on 26 March 2003, shareholders approved the current Regulations for Shareholder Meetings which are available on the corporate website at http://www.gruppoigd.it/Governance/Assemblea-degli-Azionisti.

3.15 Shareholders' Meetings

(pursuant to Art. 123-*bis*, par. 2, letter c) TUF)

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. This Decree was recently amended pursuant to Legislative Decree n. 91 of 18 June 2012. 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 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.

3.16 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 10.3, to which you should refer.

3.17 Subsequent Changes

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

Attachments

Table 1 "Information on the ownership structure"
Table 2 "Structure of the Board of Directors and Committees" until 19 April 2012
Table 2 *bis* "Structure of the Board of Directors and Committees" as of 19 April 2012
Table 3 "Structure of the Board of Statutory Auditors" until 19 April 2012
Table 3 *bis* "Structure of the Board of Statutory Auditors" as of 19 April 2012
Table 4 "Offices held by the directors at 31.12.2012"
Table 5 "Offices held by the statutory auditors at 31.12.2012"

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	330,025,283	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	-
Shares with limited voting rights	-	-		-
Shares without voting rights	10,976,592*	3.326%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	-

* treasury shares held by the company

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	84,381,994
Warrant	-	-		

SIGNIFICANT INTEREST IN SHARE CAPITAL

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Coop Adriatica	Coop Adriatica	42.773	42.773
Unicoop Tirreno	Unicoop Tirreno	15.184	15.184
IGD SIIQ SpA	IGD SIIQ SpA	3.326	3.326
SCHRODER INVESTMENT MANAGE-MENT LTD	SCHRODER INVESTMENT MANAGEMENT LTD	2.024	2.024
EUROPEAN INVESTORS INCORPO-RATED	EUROPEAN INVESTORS INCORPORATED	4.903	4.903

Source: Consob communications and extract of the Shareholders' agreement

Table 2. **Structure of the Board of Directors and Committees until 19 April 2012**

BOARD OF DIRECTORS											INTERNAL CONTROL COMMITTEE		COMPENSATION COMMITTEE		NOMINATION COMMITTEE		LEAD INDIPENDENT		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%				
Vice Chairman	Costalli Sergio	23/4/2009	31/12/2011	M		x			100%	7									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			100%	6									x	100%				
	Caporioni Leonardo	23/4/2009	31/12/2011	M		x			100%	7	x	100%												
	Pellegrini Fernando	23/4/2009	31/12/2011	M		x			0%	3														
	Canosani Aristide	23/4/2009	31/12/2011	M					100%	5	x	100%					x	-						
	Carpanelli Fabio	23/4/2009	31/12/2011	M			x	x	100%	3					x	100%	x	-			x	100%		
	Franzoni Massimo	23/4/2009	31/12/2011	M			x	x	0%	2	x	100%					x	-						
	Gentili Francesco	23/4/2009	31/12/2011	M			x	x	100%	2			x	100%			x	-			x	100%		
	Parenti Andrea	23/4/2009	31/12/2011	M			x	x	100%	21					x	100%	x	-					x	-
	Sabadini Riccardo	23/4/2009	31/12/2011	M			x	x	100%	1			x	100%			x	-					x	-
	Boldreghini Giorgio	23/4/2009	31/12/2011	M			x	x	100%	1					x	100%	x	-					x	-
	Santi Sergio	23/4/2009	31/12/2011	m			x	x	100%	14			x	100%			x	-	x	100%	x	80%		
	Pirazzini Corrado	23/4/2009	31/12/2011	M					100%	17														

Quorum required for submitting lists at the latest election: 2.50% of the share capital

N. of meetings held from 1 January 2012 to 19 April 2012 — BOD: 1 — ICC:1 — CC: 1 — NC:2 — LI: 0 — ChC: 1 — SB: 1 — RPT:0

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 appointments refer to 31/12/2012.
**** This column indicates with an "X" the director's membership of this committee.

Table 2 *bis*. **Structure of the Board of Directors and Committees as of 19 April 2012**

BOARD OF DIRECTORS											CONTROL AND RISK COMMITTEE		NOMINATION AND COMPENSATION COMMITTEE		LEAD INDIPENDENT		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	19/4/2012	31/12/2014	M		x			100%	3							x	100%				
Vice Chairman	Costalli Sergio	19/4/2012	31/12/2014	M		x			57%	7							x	50%				
Chief Executive Officer	Albertini Claudio	19/4/2012	31/12/2014	M	x				100%	8							x	100%				
	Zamboni Roberto	19/4/2012	31/12/2014	M		x			57%	7							x	75%				
	Caporioni Leonardo	19/4/2012	31/12/2014	M		x			86%	8												
	Pellegrini Fernando	19/4/2012	31/12/2014	M		x			29%	2												
	Canosani Aristide	19/4/2012	31/12/2014	M					100%	3									x	100%		
	Carpanelli Fabio	19/4/2012	31/12/2014	M			x	x	100%	5			x	100%	x	100%			x	100%		
	Franzoni Massimo	19/4/2012	31/12/2014	M			x	x	57%	2	x	75%			x	100%						
	Gualandri Elisabetta	19/4/2012	31/12/2014	M			x	x	100%	1	x	100%			x	100%						
	Parenti Andrea	19/4/2012	31/12/2014	M			x	x	86%	21			x	100%	x	0%					x	100%
	Sabadini Riccardo	19/4/2012	31/12/2014	M			x	x	100%	1					x	100%					x	100%
	Boldreghini Giorgio	19/4/2012	31/12/2014	M			x	x	100%	1					x	0%					x	100%
	Magalotti Tamara	19/4/2012	31/12/2014	M			x	x	100%	0			x	100%	x	100%						
	Salvini Lidia	19/4/2012	31/12/2014	M			x	x	86%	0	x	100%			x	100%			x	75%		

Quorum required for submitting lists at the latest election: 2.50% of the share capital

Number of meetings held since 19 april 2012 — BOD: 7 — CRC: 4 — NCC:4 — LI: 1 — CC: 4 — SB: 4 — CRPT:1

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.
**** This column indicates with an "X" the director's membership of this committee.

Table 3. Structure of the Board of Statutory Auditors until 19 April 2012

BOARD OF STATUTORY AUDITORS

TITLE	MEMBER	IN OFFICE SINCE	IN OFFICE UNTIL	LIST (M/M)	INDEPENDENT AS PER THE CODE	** (%)	N. OF OTHER APPOIN-TMENTS ***
CHAIRMAN	CONTI ROMANO	23 April 2009	31 December 2011	m	X	100%	19
STANDING AUDITOR	CHIUSOLI ROBERTO	23 April 2009	31 December 2011	M	X	40%	6
STANDING AUDITOR	GARGANI FRANCO	23 April 2009	31 December 2011	M	X	80%	19
ALTERNATE AUDITOR	LANDI ISABELLA	23 April 2009	31 December 2011	M			
ALTERNATE AUDITOR	MANZINI MONICA	23 April 2009	31 December 2011	m			

Quorum required for submitting lists at the latest election: 2.50% of the share capital

Number of meetings held during the year: 5

NOTES:
* M/m indicates whether the director was elected on a Majority lis (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.

Table 3 *bis*. Structure of the Board of Statutory Auditors as of 19 April 2012

BOARD OF STATUTORY AUDITORS

TITLE	MEMBER	IN OFFICE SINCE	IN OFFICE UNTIL	LIST (M/M)	INDEPENDENT AS PER THE CODE	** (%)	N. OF OTHER APPOIN-TMENTS ***
CHAIRMAN	CONTI ROMANO	19 April 2012	31 December 2014	m	X	100%	16
STANDING AUDITOR	CHIUSOLI ROBERTO	19 April 2012	31 December 2014	M	X	75%	8
STANDING AUDITOR	CORSI PASQUINA	19 April 2012	31 December 2014	M	X	75%	3
ALTERNATE AUDITOR	LANDI ISABELLA	19 April 2012	31 December 2014	M			
ALTERNATE AUDITOR	MANZINI MONICA	19 April 2012	31 December 2014	m			

Quorum required for submitting lists at the latest election: 2.50% of the share capital

Number of meetings held during the year: 4

NOTES:
* M/m indicates whether the director was elected on a Majority lis (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-*quinques* of the CONSOB Issuer Regulations, is published on the web iste of Consob.

Table 4. Offices held by Directors as at 31 December 2012

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 SOCIETÁ COOPERATIVA PER AZIONI		
	Director BANCA SAI S.P.A.		
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 B.o.D. UNIPOL MERCHANT S.P.A.		
	Vice Chairman UNICOOP TIRRENO SOCIETÁ COOPERATIVA A RESPONSABILITA LIMITATA		X
	Chairman FONDAZIONE "MEMORIE COOPERATIVE"		
	Director FONDIARIA SAI SPA		
	Director U.G.F. S.P.A.		
ALBERTINI CLAUDIO Chief Executive Officer	Standing Auditor CEFLA CAPITAL SERVICES S.P.A.		
	Vice Chairman VIRTUS PALLACANESTO BOLOGNA 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 PROTOS - SOCIETÁ 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- SOCIETÁ 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. SOCIETÁ CONSORTILE A RESPONSABILITÁ LIMITATA		
CAPORIONI LEONARDO Director	Vice Chairman of the B.o.D. IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.p.A.		
	Director COOPERARE S.p.A.		
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI-SOCIETA COOPERATIVA		
	Director AXIS S.R.L.		
	Chairman of the Board of Statutory Auditors COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA SPA		
	Auditor COOPERSALUTE - Fondo di assistenza sanitaria integrativa dipendenti Coop di Consumo		
	Director IL PADULETTO SRL		
	Chairman of the Board of Statutory Auditors L'AVVENIRE 1921 SOCIETÁ COOPERATIVA		
PELLEGRINI FERNANDO Director	Chairman of the Executive Committee and Vice Chairman of the B.o.D. SIMGEST - SOCIETÁ DI INTERMEDIAZIONE MOBILIARE S.P.A.		
	Director CAMPANIA DISTRIBUZIONE MODERNA SRL		
CANOSANI ARISTIDE Director	Director COOP. ADRIATICA - SOCIETÁ COOPERATIVA A RESPONSABILITÁ LIMITATA		
	Chairman of the B.o.D. CREDITRAS ASSICURAZIONI S.P.A.		
	Chairman of the B.o.D. CREDITRAS VITA S.P.A.		X
CARPANELLI FABIO Director	Chairman of the Supervisory Board MANUTENCOOP FACILITY MANAGEMENT SOCIETÁ PER AZIONI		
	Sole Director VEICOLO 5 SRL		
	Chairman of the B.o.D. AUTOSTAZIONE DI BOLOGNA SRL		
	Director VETIMEC SOC COOP.		
	Director PORTA MEDICEA SRL	X	
FRANZONI MASSIMO Director	Preference shareholders' representative UNIPOL GRUPPO FINANZIARIO S.P.A.		
	Vice Chairman of the B.o.D. F&R SRL		
GUALANDRI ELISABETTA Director	Director BANCA POPOLARE DELL'EMILIA ROMAGNA SOCIETÁ COOPERATIVA		

→

continues Table 4. **Offices held by Directors as at 31 December 2012**

NAME	OFFICES HELD AT OTHER COMPANIES	IGD GROUP COMPANIES	SISTER COMPANIES
PARENTI ANDREA **Director**	Director CECCHI GORI HOME VIDEO SRL		
	Statutory 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		
	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		
	Stanfing Auditor MEGA SRL		
	Reviewer 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 SOCIETÁ DISTIRIBUZIONE IMBAL-LAGGI SRL		
	Presidente del Collegio Sindacale TIRRENO IMMOBILIARE SRL		
	Chairman of the Board of Statutory Auditors EGAN IMMOBILIARE SRL		
	Statutory Auditor BINFI SPA		
	Chairman of the Board of Statutory Auditors ALDO GALANDI SPA		
SABADINI RICCARDO **Director**	Director SAPIR S.P.A		
BOLDREGHINI GIORGIO **Director**	Chairman of the B.o.D. TECONOPOLIS SOC. COOP		
TAMARA MALAGOTTI **Director**	/		
SALVINI LIVIA **Director**	Chairman of the Board of Statutory Auditors COOP FOND SPA		

Table 5. **Offices held by the Statutory Auditors as at 31 December 2012**

STATUTORY AUDITOR	OFFICES HELD IN OTHER COMPANIES	COMPANY
ROMANO CONTI **Chairman of the Board of Statutory Auditors**	SOLE DIRECTOR	FINMECO SRL
	CHIARMAN OF THE 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 STATUTORY AUDITORS	COMET HOLDING S.P.A.
	STANDING AUDITOR	COMET S.P.A.
	CHAIRMAN OF THE STATUTORY AUDITORS	FERRARIO S.P.A.
	SOLE DIRECTOR	FIN.GI - S.R.L.
	CHAIRMAN OF THE STATUTORY AUDITORS	SECONDA S.P.A.
	DIRECTOR	SIMBULEIA S.P.A.
	CHAIRMAN OF THE STATUTORY AUDITORS	CENTRO SPERIMENTALE DEL LATTE SRL
	DIRECTOR	D. & C.- COMPAGNIA DI IMPORTAZIONE PRODOTTI ALIMENTARI, DOLCIARI, VINI E LIQUORI - S.P.A.
	CHIARMAN OF THE CONTROL COMMITTEE ON MANAGEMENT	MAJANI SPA
	DIRECTOR	ACB GROUP S.P.A.
	CHIARMAN OF THE STATUTORY AUDITORS	ZEROQUATTRO SRL
	CHIARMAN OF THE STATUTORY AUDITORS	BANCA POPOLARE DELL'EMILIA ROMAGNA SOC COOP
ROBERTO CHIUSOLI **Standing Auditor**	CHAIRMAN OF THE STATUTORY AUDITORS	UNIPOL GRUPPO FINANZIARIO SPA
	CHAIRMAN OF THE STATUTORY AUDITORS	UGF BANCA SPA
	CHAIRMAN OF THE STATUTORY AUDITORS	GRANAROLO SPA
	MEMBER OF THE SURVEILLANCE BOARD	MANUTENCOOP FACILITY MANAGEMENT SPA
	STANDING AUDITOR	HPS SPA
	STANDING AUDITOR	DE' TOSCHI SPA
	MEMBER OF THE SURVEILLANCE BOARD	CONSORZIO COOPERATIVE COSTRUZIONI SOC. COOP.
	STANDING AUDITOR	LINEAR SPA
PASQUINA CORSI **Standing Auditor**	MEMBER OF THE CONTROL BODY	IPERCOOP TIRRENO SPA
	AUDITOR WITH LEGAL CONTROL SINDACO ASSIGNMENT	IMMOBILIARE SVILUPPO DELLA COOPERAZIONE SPA
	AUDITOR WITH LEGAL CONTROL SINDACO ASSIGNMENT	INDAL 2000 SPA

CITY CENTER
Via Rizzoli, Bologna
Held by 2011
GLA sm.q 2,500
3 floors

The Board of Directors' Remuneration Report

Pursuant to Article123-*ter* of TUF

04

CHAPTER CONTENTS

Glossary

BOARD
IGD's Board of Directors.

CODE/CORPORATE GOVERNANCE CODE
The Corporate Governance Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange).

COMMITTEE REGULATIONS
The Compensation Committee Regulations, as last amended on 8 November 2012.

COMPANY
Immobiliare Grande Distribuzione SIIQ S.p.A.

COMPENSATION POLICY
The Compensation Policy approved by the Board of Directors on 28 February 2013, described in Part I of this Report.

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

IGD
Immobiliare Grande Distribuzione SIIQ S.p.A.

INSTRUCTIONS ACCOMPANYING THE STOCK MARKET REGULATIONS
The Instructions accompanying the Regulations for Markets organized and managed by Borsa Italiana S.p.A.

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.

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.

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 Nomination and 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 Nomination and Compensation Committee is chiefly 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 Nominations and Compensation Committee

The Nominations and 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 19 April 2012, the Board of Directors appointed independent directors Andrea Parenti (Chairman), Fabio Carpanelli and Tamara Magalotti to the Compensation Committee.

The Nominations and Compensation Committee submits proposals and provides recommendations relating to remuneration in order to ensure that the compensation of the Company's directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and its subsidiaries.

The Nominations and Compensation Committee has the following functions:

a) to submit proposals to the Board of Directors regarding the general policy for the remuneration of Directors and Managers with Strategic Responsibilities;
b) periodically assess the adequacy, the overall consistency and application of the compensation policy, referred to letter d below, availing itself, in the case of the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer;
c) to submit proposals or express opinions 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 other directors, as well as of involvement in any committees, but remuneration is not linked to the Company's results (see the following paragraph n)).

The Company's Board of Directors approved the Compensation Policy on 28 February 2013, based on the proposal submitted by the Compensation Committee dated 14 February 2013, in accordance with Art. 6 of the Corporate Governance Code.

The remuneration for 2013 relative to the Chief Executive Officer, the Directors holding special offices, the non-executive Directors, 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 2012.

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.

With regard to the remuneration of the Executive Directors and the Directors holding special offices, the Company resolved that the variable component of the Chief Executive Officer's compensation, insofar as he has operating responsibilities, should be linked to the results achieved with a view to creating medium/long term value for shareholders.

The remuneration of the other directors comprises solely a fixed component commensurate with the commitment asked of each director. These directors will not be awarded any form of variable compensation as the activities carried out by these directors does not have a direct impact on the Company's economic results, particularly those that variable components are typically linked to.

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 Nomination and Compensation Committee subject to the favourable opinion of the Board of Statutory Auditors, linked to achieving certain performance targets:
    - consolidated EBITDA margin with a deviation of plus or minus 1% with respect to the budget
      40% of the variable component
    - earnings per share with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5%
      40% of the variable component
    - other qualitative targets identified by the Board of Directors based on the Compensation Committee's proposal
      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 Nomination and 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 with the deviations referred to above; 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 Nomination and 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 the exception of the Chief Executive Officer, as described below.

With the exception of termination for good cause, the Board of Directors, subject to the opinion of the Nominations and Compensation Committee and having consulted with the Board of Statutory Auditors, will award the Chief Executive Officer a termination indemnity; this indemnity will be paid over three years and will not exceed the compensation that the Chief Executive Officer received for the two years prior to when the cause for termination materialized.

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

The Company, in light of the definition of executive directors found in Art. 2.C.1 of the Corporative Governance Code, considers all directors non executive with the exception of the Chief Executive Officer and the Chairman, given the assignment granted the latter to act as head of the Internal Control and Risk Management System.

As indicated in letter e) above, the Company resolved to award the Chief Executive Officer variable compensation as per the terms and conditions indicated. In light to the recommendations found in the Corporate Governance Code, the remuneration of the other Directors is not linked to the Company’s and/or the Group’s economic results.

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

The directors, members of the Control and Risks 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 Nomination and Compensation Committee and the Committee for related parties transactions receive an attendance fee for each meeting attended as resolved by the Board of Directors, subject to approval by the Nomination and 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 Nomination and 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 2012

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 2012.

The compensation of the Managers with Strategic Responsibilities is indicated as an aggregate amount insofar as in 2012 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 2012 are shown in this section of Part II.

→ 1. Board of Directors

1.1 Chief Executive Officer

In 2012 the Chief Executive Officer was Director Claudio Albertini, who was confirmed as Chief Executive Officers following appointment of the new Board of Directors during the Shareholders' Meeting held in ordinary session on 19 April 2012.

Below is a description of the each of the items comprising the Chief Executive Officer's remuneration in 2012:

- Fixed component comprising:
  - a yearly gross salary of €16,500.00 for acting as a member of the Board of Directors, as approved by the shareholders on 23 April 2009 for the period ending 19 April 2012 and (ii) as approved by the shareholders on 19 April 2012, for the period beginning on the same date;
  - a salary of €250,000.00, based on the Nominations and 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 approved by (i) the Board of Directors on 30 April 2009 for the period ending 19 April 2012 and (ii) the Board of Directors on 19 April 2012, for the period beginning on the same date;
- 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 2012, approved by the Board of Directors on 19 April 2012 based on the Nomination and 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 2012 budget, while the remainder is linked to qualitative objectives (with the deviations specified in Section 1 (e). Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2012 have been approved. Any incentive owed, for up to a maximum of 30% of the fixed compensation, will be paid in 2013.

With regard to early termination indemnities relative to the directors, please refer to Section I (l) of this Report.

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 2012 Chairman of the Board of Directors was Gilberto Coffari, who was reconfirmed Chairman during the Shareholders' Meeting held in ordinary session on 5 April 2011. The Chairman's total compensation for 2012 amounted to €92,000.00, approved as follows:

- for €16,500.00 by (i) the shareholders during the Shareholders' Meeting held on 23 April 2009, for the period ending 19 April 2012 and (ii) by the Shareholders Meeting held in ordinary session on 19 April 2012, for the period beginning on the same date, and

- for €75,000.00, as additional compensation for acting as Chairman, by (i) the Board of Directors on 23 June 2011, for the period ending 19 April 2012 and (ii) the Board of Directors on 19 April 2012, for the period beginning on the same date, in addition to an attendance fee of €500.00 for each meeting of the Chairman's Committee attended.

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

1.3 Vice Chairman of the Board of Directors

The Vice Chairman's remuneration it's not tied to the Company's economic results and, therefore, is comprised solely of a fixed component. In 2012 IGD's Vice Chairman was Director Sergio Costalli who was reconfirmed as Vice Chairman when the new Board of Directors was appointed during the Shareholders' Meeting held in ordinary session on 19 April 2012.

The Vice Chairman's total compensation for 2012 amounted to €63,994.54, approved as follows:

- for €16,500.00, by (i) the shareholders during the Shareholders' Meeting held on 23 April 2009, for the period ending 19 April 2012 and (ii) by the Shareholders Meeting held in ordinary session on 19 April 2012, for the period beginning on the same date for being a member of the Board of Directors;
- for €40,000.00, for acting as Vice Chairman, by (i) the Board of Directors on 30 April 2009 which, for the period ending 19 April 2012, amounted to €12,021.86 and (ii) for €50,000.00 by the Board of Directors on 19 April 2012, which for the period beginning on the same date amounted, pro rata, to €34,972.00, in addition to an attendance fee of €500.00 for each meeting of the Chairman's Committee attended.
- There are no indemnities provided for in the event of termination of office.

1.4 Other members of the Board of Directors

Until 19 April 2012 have served as members of the Board of Directors appointed on 23 April 2009 the following members: Claudio Albertini (Chief Executive Officer), Gilberto Coffari (Chairman), Sergio Costalli (Vice Chairman) and the following directors; Roberto Zamboni, Aristide Canosani, Leonardo Caporioni, Fernando Pellegrini, Fabio Carpanelli, Francesco Gentili, Sergio Santi, Corrado Pirazzini, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini and Massimo Franzoni.

On 19 April 2012 a new Board of Directors was appointed during the Shareholders' Meeting held on 19 April 2012, as the term of the Board appointed in 2009 had expired, comprised as follows: Claudio Albertini (Chief Executive Officer), Gilberto Coffari (Chairman), Sergio Costalli (Vice Chairman), and the following directors: Roberto Zamboni, Leonardo Caporioni, Fernando Pellegrini, Aristide Canosani, Fabio Carpanelli, Massimo Franzoni, Elisabetta Gualandri, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini, Tamara Malagotti, Lidia Salvini.

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

More in detail, on 19 April 2012 the shareholders set the yearly gross salary for each member of the Board of Directors at €16,500.00, in line with the motion approved on 23 April 2009.

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

1.5 Members of the Board Committees

The directors, members of the Control and Risks Committee (formerly the Internal Control Committee) and the Decree 231/2001 Organizational Model Supervisory Board, receive additional fixed compensation as resolved by the Board of Directors.

The Internal Control Committee comprised directors Leonardo Caporioni, Aristide Canosani and Massimo Franzoni at 19 April 2012.

On 19 April 2012 the Board of Directors appointed the following directors to act as members of the Internal Control Committee: Elisabetta Gualandri, Chairman, Livia Salvini and Massimo Franzoni.

On 8 November 2012 the Board of Directors resolved to rename the Internal Control Committee the Control and Risk Committee, in accordance with the Corporate Governance Code.

The compensation to be paid members of the Control and Risk Committee (formerly the Internal Control Committee), approved by the Board of Directors on 19 April 2012, amounted to €12,000 for the Chairman and €8,000 for the other members in line with the motion approved on 30 April 2009.

More in detail:

- the pro-rata compensation for 2012 paid Leonardo Caporioni and Aristide Canosani for being a member of the Control and Risk Committee (formerly the Internal Control Committee) amounted to €2,404.37 each for the period ending on 19 April 2012, as approved by the Board of Directors on 30 April 2009;
- the compensation for 2012 paid directors Elisabetta Gualandri and Livia Salvini amounted to €8,393.44 for the former, in her quality as Chairman, and €5,595.63 for the latter, in his quality as a member of the Control and Risk Committee (formerly the Internal Control Committee) for the period beginning 19 April 2012, as approved by the Board of Directors on the same date ;
- the compensation for 2012 paid director Massimo Franzoni amounted to €9,202.19 for being a member of the Control and Risk Committee (formerly the Internal Control Committee) from 1 January 2012 to 31 December 2012, as approved by the Board of Directors on 30 April 2009 and 19 April 2012.

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.

Until 19 April 2012 the Decree 231/2001 Organizational Model Supervisory Board was comprised of Directors Fabio Carpanelli, Francesco Gentili and Sergio Santi.

On 19 April 2012 the Board of Directors appointed the following directors to act as members of the Supervisory Board: Fabio Carpanelli, Chairman, Livia Salvini and Aristide Canosani.

The compensation to be paid members of the Decree

231/2001 Organizational Model Supervisory Board, approved by the Board of Directors on 19 April 2012, amounted to €12,000 for the Chairman and €8,000 for the other members, in line with the motion approved on 30 April 2009.

More in detail:
- the pro rata compensation for 2012 paid Francesco Gentili and Sergio Santi for being a member of the Decree 231/2001 Organizational Model Supervisory Board amounted to €2,404.37 each for the period ending on 19 April 2012, as approved by the Board of Directors on 30 April 2009.
- the pro rata compensation for 2012 paid directors Livia Salvini and Aristide Canosani for being members of the Decree 231/2001 Organizational Model Supervisory Board for the period beginning 19 April 2012 amounted to €5,595.63 each, as approved by the Board of Directors on 19 April 2012 .
- the compensation paid director Fabio Carpanelli for being a member of the Decree 231/2001 Organizational Model Supervisory Board from 1 January 2012 to 31 December 2012 amounted to €12,000.00, as approved by the Board of Directors on 30 April 2009 and 19 April 2012.

The Committee for Related Party Transactions was reappointed on 19 April 2012 and now comprises directors Riccardo Sabadini (Chairman), Andrea Parenti and Giorgio Boldreghini, all of whom had been previous Committee members. The compensation in 2012 to be paid each member of the Committee for Related Party Transactions for the period ending 19 April 2012 amounted to €12,000.00 for the Chairman and €8,000.00 for the other members. As resolved by the Board of Directors on 19 April 2012, this compensation was changed resulting in the elimination of the fixed component which was replaced by an attendance fee for each Committee meeting attended of €750.00.

More in detail, the compensation received in 2012 by the members of the Committee for Related Party Transactions amounted to:
- €3,606.56, for the Chairman and €2,404.37, for the other members, as pro rata compensation for being a member of the Committee of Related Party Transactions during the period ending on 19 April 2012, as approved by the Board of Directors on 30 April 2009.
- (i) €750.00, equal to the attendance fee paid to Riccardo Sabadini for attending one meeting; (ii) €750.00, equal to the attendance fee paid to Giorgio Boldreghini for attending one meeting and (iii) €750.00, equal to the attendance fee paid to Andrea Parenti for attending one meeting during the period beginning 19 April 2012, as approved by the Board of Directors on the same date.

Please note that through 19 April 2012 the directors which were members of the two committees, the Compensation Committee and the Nominations Committee, received an attendance fee of €500.00 for each meeting attended, as approved by the Board of Directors on 30 April 2009.

Through 19 April 2012, therefore, the Compensation Committee comprised directors Francesco Gentili, Riccardo Sabadini and Sergio Santi who received the following attendance fees:
- Francesco Gentili, €500 for attending one meeting;
- Riccardo Sabadini, €500 for attending one meeting;
- Sergio Santi, €500 for attending one meeting.

Through 19 April 2012 the Nominations Committee comprised directors Fabio Carpanelli, Giorgio Boldreghini and Andrea Parenti who each received attendance fees of €1,000.00 for attending two meetings of the Nominations Committee in 2012.

On 19 April 2012 the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee", therefore, as of 19 April 2012 the Nominations and Compensation Committee comprises directors Andrea Parenti (Chairman), Fabio Carpanelli and Tamara Magalotti.

The directors who are members of the Nominations and Compensation Committee receive an attendance fee of €750.00 for each meeting attended as approved by the Board of Directors.

For the period beginning 19 April 2012 each member of the Nominations and Compensation Committee received:
- Andrea Parenti, €3,000.00 for attending four meetings;
- Fabio Carpanelli, €3,000.00 for attending four meetings;
- Tamara Magalotti, €3,000.00 for attending four meetings.

Through 19 April 2012 each member of the Chairman's Committee received an attendance fee of €500.00 for each meeting attended.

Through 19 April 2012 the Chairman's Committee comprised directors Gilberto Coffari, Sergio Costalli, Claudio Albertini, Sergio Santi and Roberto Zamboni, who received the following attendance fees:
- Gilberto Coffari, €500 for attending one meeting;
- Sergio Costalli, €500 for attending one meeting;
- Claudio Albertini, €500 for attending one meeting;
- Santi Sergio, €500 for attending one meeting;
- Roberto Zamboni, €500 for attending one meeting.

On 19 April 2012 the Board of Directors appointed the following directors members of the Chairman's Committee: Gilberto Coffari, Sergio Costalli, Claudio Albertini and Roberto Zamboni without providing for compensation of any sort.

With the exception of the Chief Executive Officer, as discussed above, there are no indemnities provided for in the event of termination of office.

→ 2. Board of Statutory Auditors

Through 19 April 2012, the Board of Statutory Auditors appointed during the Shareholders' Meeting held on 23 April 2009 comprised the following standing auditors: Conti Romano (Chairman), Chiusoli Roberto, Gargani Franco.

On 19 April 2012, the Company's shareholders, meeting in ordinary session, appointed a new Board of Statutory Auditors: Romano Conti (Chairman), Pasquina Corsi and Roberto Chiusoli and approved a yearly gross salary of €16,500.00 for the standing auditors and a yearly gross salary of €24,750.00 for the Chairman.

In 2012 the members of the Board of Statutory Auditors received the following compensation:

- Romano Conti (Chairman), €24,750 as approved (i) by the shareholders on 23 April 2009, for the period ending on 19 April 2012 and (ii) by the shareholders on 19 April 2012 for the period beginning on the same date;
- Roberto Chiusoli, €16,500 as approved (i) by the shareholders on 23 April 2009, for the period ending on 19 April 2012 and (ii) by the shareholders on 19 April 2012 for the period beginning on the same date;
- Pasquina Corsi, in office since 19 April 2012, pro rata compensation of €11,586.07, as approved by the shareholders on 19 April 2012:
- Franco Gargani, in office since 19 April 2012, pro rata compensation of €4,959.02, as approved by the shareholders on 19 April 201.

→ 3. Chief Operating Officer

In 2012 the Chief Operating Officer was Daniele Cabuli.

The compensation received by the Chief Operating Officer in 2012 can be broken down as follows:

- Fixed yearly salary equal to €139,938.00;
- 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 2012 was subject to reaching the following performance objectives:
  - for up to a maximum of 40% of the variable component if the following company targets are achieved: consolidated EBITDA margin with a deviation of plus or minus 1% and earnings per share levels shown in the 2012 budget, with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5%; 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 vacancy rate,
    - preparation of the corporate sustainability report,
  - 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 2012 have been approved. Any incentive owed, estimated at €33,900.00, will be paid in 2013.

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.

→ 4. Managers with Strategic Responsibilities

Managers who are part of the Company's Operating Division are considered Managers with Strategic Responsibilities. In 2012, 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 €522,690.00;
- 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 2012 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 with a deviation of plus or minus 1% and earnings per share levels shown in the 2012 budget, with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5%; and
  - on three individual targets, for up to a maximum of 60% of the variable component, defined on the basis of the activities carried out by each Manager, the strategic projects in which he/she was involved, the level of responsibility, and the extent to which any changes implemented were linked to the 2012 results.

Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2012 have been approved. Any incentive owed, estimated to reach a total of €114,258.00, will be paid in 2013.

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.

→ 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, with the exception of the Chief Executive Officer, as described below.

With the exception of termination for good cause, the Board of Directors, subject to the opinion of the Nominations and Compensation Committee and having consulted with the Board of Statutory Auditors, will award the Chief Executive Officer a termination indemnity; this indemnity will be paid over three years and will not exceed the compensation that the Chief Executive Officer received for the two years prior to when the cause for termination materialized.

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 2012 are shown in the following tables.

Table 1. Compensation paid the Board of Directors, the Board of Statutory Auditors in 2012

NAME	OFFICE	DATES IN OFFICE	END OF TERM		FIXED COMPENSATION	COMPENSATION FOR COMMITTEE MEMBERSHIP	NON SHARE BASED COMPENSATION: BONUSES AND OTHER INCENTIVES	NON SHARE BASED COMPENSATION: PROFIT SHARING	NON-CASH BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF THE COMPENSATION	TERMINATION ALLOWANCE
GILBERTO COFFARI	Chairman BoD and member of the CC	01/01/2012-31/12/2021	Approval of 2014 financial statements	Compensation from IGD	91,500.00	500.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	91,500.00	500.00	–	–	–	–	–	–	–
SERGIO COSTALLI	Vice Chairman BoD and member of the CC	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	63,494.54	500.00	–	–	–	–	–	–	
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	63,494.54	500.00	–	–	–	–	–	–	–
CLAUDIO ALBERTINI	Chief Executive Officer and member of the CC	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	266,500.00	500.00	Up to a maximum of 30% of the fixed compensation	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	266,500.00	500.00	Up to a maximum of 30% of the fixed compensation	–	–	–	–	–	–
ROBERTO ZAMBONI	Director and member of the CC	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	500.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	500.00	–	–	–	–	–	–	–
LEONARDO CAPORIONI	Director and member of the CRC	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	2,404.37	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	2,404.37	–	–	–	–	–	–	–
FERNANDO PELLEGRINI	Director	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00		–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	–	–	–	–	–	–	–	–
ARISTIDE CANOSANI	Director and member of the CRC and SB	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	8,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	8,000.00	–	–	–	–	–	–	–
FABIO CARPA-NELLI	Director and member of the NRC and SB	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	16,000.00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	1,500.00	4,614.75	–	–	–	–	–	–	–
				Total	18,000.00	20,614.75	–	–	–	–	–	–	–
MASSIMO FRANZONI	Director and member of the CRC	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	9,202.19	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	9,202.19	–	–	–	–	–	–	–
ELISABETTA GUALANDRI	Director and member of the CRC	19/04/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	11,540.98	8,393.44	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	11,540.98	8,393.44	–	–	–	–	–	–	–
ANDREA PARENTI	Director and member of the NRC and CRP	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	7,154.37	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	7,154.37	–	–	–	–	–	–	–

→

Continues Table 1

NAME	OFFICE	DATES IN OFFICE	END OF TERM		FIXED COMPENSATION	COMPENSATION FOR COMMITTEE MEMBERSHIP	NON SHARE BASED COMPENSATION: BONUSES AND OTHER INCENTIVES	NON SHARE BASED COMPENSATION: PROFIT SHARING	NON-CASH BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE OF THE COMPENSATION	ITERMINATION ALLOWANCE
RICCARDO SABADINI	Director and member of the NRC and CRP	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	5,606.56	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	5,606.56	–	–	–	–	–	–	–
GIORGIO BOLDREGHINI	Director and member of the NRC(1) and CRP	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00	4,154.37	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	16,500.00	4,154.37	–	–	–	–	–	–	–
TAMARA MAGALOTTI	Director and member of the NRC	19/04/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	11,540.98	3,000,00	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	-	-	–	–	–	–	–	–	–
				Total	11,540.98	3,000.00	–	–	–	–	–	–	–
LIVIA SALVINI	Director and member of the CRC and SB	19/04/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	11,540.98	11,191.26	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	11,540.98	11,191.26	–	–	–	–	–	–	–
FRANCESCO GENTILI	Director and member of the NC (now NRC) and SB	01/01/2012 19/04/2012	Approval of 2011 financial statements	Compensation from IGD	4,959.02	2,904.37	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	2,326.22	–	–	–	–	–	–	–
				Total	4,959.02	5,230.59	–	–	–	–	–	–	–
SERGIO SANTI	Director and member of the NC (now NRC) and SB	01/01/2012-19/04/2012	Approval of 2011 financial statements	Compensation from IGD	4,959.02	3,404.37	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	928.96	–	–	–	–	–	–	–
				Total	4,959.02	4,333.33	–	–	–	–	–	–	–
CORRADO PIRAZZINI	Director	01/01/2012-19/04/2012	Approval of 2011 financial statements	Compensation from IGD	4,959.02	–	–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	4,959.02	–	–	–	–	–	–	–	–
ROMANO CONTI	Chairman of the Board of Statutory Auditors	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	24,750.00		–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–		–	–	–	–	–	–	–
				Total	24,750.00		–	–	–	–	–	–	–
ROBERTO CHIUSOLI	Standing auditor	01/01/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	16,500.00		–	–	–	–	–	–	–
				Compensation from subsidiaries and affiliates	–		–	–	–	–	–	–	–
				Total	16,500.00		–	–	–	–	–	–	–
PASQUINA CORSI	Standing auditor	19/04/2012-31/12/2012	Approval of 2014 financial statements	Compensation from IGD	11,586.07	–	–						
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	11,586.07	–	–	–	–	–	–	–	–
FRANCO GARGANI	Standing auditor	01/01/2012-19/04/2012	Approval of 2011 financial statements	Compensation from IGD	4,959.02								
				Compensation from subsidiaries and affiliates	–								
				Total	4,959.02	–	–	–	–	–	–	–	–
DANIELE CABULI	Chief Operating Officer	-	-	Compensation from IGD	139,938	–	33,900	–	18,958	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	139,938	–	33,900	–	18,958	–	–	–	–
MANAGERS WITH STRATEGIC RESPONSIBILITIES (N. 4)		-	-	Compensation from IGD	522,690	–	114,258	–	70,740	–	–	–	–
				Compensation from subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	522,690	–	114,258	–	70,740	–	–	–	–

(1) Position held until 19 April 2012

Table 3. **Cash incentive plans benefiting the Chief Executive Officer, Chief Operating Officer and the Managers with Strategic Responsibilities**

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 2011	N. OF SHARES PURCHASED	N. OF SHARES SOLD	N. OF SHARES HELD AT THE END OF 2012
Gilberto Coffarii	Chairman BoD	IGD SIIQ S.p.A.	11,000	12,100	–	23,100
Sergio Costalli	Vice Chairman BoD	–	–	–	–	–
Claudio Albertini	CEO	–	–	–	–	–
Roberto Zamboni	Director	–	–	–	–	–
Leonardo Caporioni	Director	–	–	–	–	–
Fernando Pellegrini	Director	–	–	–	–	–
Aristide Canosani	Director	–	–	–	–	–
Fabio Carpanelli	Director	–	–	–	–	–
Massimo Franzoni	Director	–	–	–	–	–
Elisabetta Gualandri	Director	–	–	–	–	–
Andrea Parenti	Director	IGD SIIQ S.p.A.	40,000	10,000	–	50,000
Riccardo Sabadini	Director	IGD SIIQ S.p.A.	5,000	–	–	5,000
Giorgio Boldreghini	Director	–	–	–	–	–
Tamara Magalotti	Director	–	–	–	–	–
Livia Salvini	Director	–	–	–	–	–
Francesco Gentili	Director	–	–	–	–	–
Sergio Santi	Director	IGD SIIQ S.p.A.	29,300	–	–	–
Corrado Pirazzini	Director	IGD SIIQ S.p.A.	5,000	–	–	–
Romano Conti	Chairman Board of Statutory Auditors	–	–	–	–	–
Roberto Chiusoli	Standing auditor	–	–	–	–	–
Pasquina Corsi	Standing auditor	–	–	–	–	–
Franco Gargani	Standing auditor	–	–	–	–	–

The following table shows the total interests held by the Managers with Strategic Responsibilities in IGD and its subsidiaries.

N. MANAGERS WITH STRATEGIC RESPONSIBILITIES	COMPANY IN WHICH INTEREST IS HELD	N. OF SHARES HELD AT THE END OF 2011	N. OF SHARES PURCHASED	N. OF SHARES SOLD	N. OF SHARES HELD AT THE END OF 2012
	IGD SIIQ S.p.A.	51,300	26,700	–	78,000

SARCA

SHOPPING MALL

Sesto San Giovanni - Milano

Opening 2003

Mall GLA sq.m 22,637

5,589,738 visitors in 2012

IGD Group Consolidated Financial Statements at 31/12/2012

05

CHAPTER CONTENTS

5.1 Consolidated income statement

CONSOLIDATED INCOME STATEMENT (in €/000)	Note	31/12/2012 (A)	31/12/2011 (B)	CHANGE (A-B)
Revenue:	1	**117,979**	**115,800**	**2,179**
- from third parties		81,778	82,336	(558)
- from related parties		36,201	33,464	2,737
Other income:	2	**5,278**	**5,447**	**(169)**
- from third parties		3,799	4,095	(296)
- from related parties		1,479	1,352	127
Revenue from property sales	2	**0**	**1,726**	**(1,726)**
Total revenue and operating income		**123,257**	**122,973**	**284**
Change in work in progress inventory	6	7,976	7,356	620
Total revenue and change in inventory		**131,233**	**130,329**	**904**
Cost of construction in progress	6	7,313	8,061	(748)
Service costs	3	19,451	18,305	1,146
- third parties		15,981	14,794	1,187
- related parties		3,470	3,511	(41)
Cost of labor	4	8,217	7,850	367
Other operating costs	5	8,511	5,734	2,777
Total operating costs		**43,492**	**39,950**	**3,542**
(Depreciation, amortization and provisions)	7	(3,864)	(2,893)	(971)
(Impairment losses)/reversals on work in progress and goodwill	7	(1,211)	28	(1,239)
Fair value changes	7	(29,383)	(14,150)	(15,233)
Total depreciation, amortization, provisions, impairment and fair value changes		**(34,458)**	**(17,015)**	**(17,443)**
EBIT		**53,283**	**73,364**	**(20,081)**
Income/(loss) from equity investments	8	**(746)**	**(887)**	**141**
Income/(loss) from equity investments		(746)	(887)	141
Financial income:	9	**554**	**809**	**(255)**
- third parties		545	782	(237)
- related parties		9	27	(18)
Financial charges:	9	**48,124**	**44,144**	**3,980**
- third parties		45,887	42,997	2,890
- related parties		2,237	1,147	1,090
Net financial income (charges)		**(47,570)**	**(43,335)**	**(4,235)**
PRE-TAX PROFIT		**4,967**	**29,142**	**(24,175)**
Income taxes	10	(6,185)	(876)	(5,309)
NET PROFIT		**11,152**	**30,018**	**(18,866)**
Non-controlling interests in net (profit)/loss		136	39	97
IGD SIIQ S.p.A. share of net profit		**11,288**	**30,057**	**(18,769)**
- basic earnings per share	11	0.036	0.101	
- diluted earnings per share	11	0.062	0.112	

5.2 Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in €/000)	31/12/2012	31/12/2011
NET PROFIT	**11,152**	**30,018**
Other comprehensive income		
Impact of hedge derivatives on equity	(18,228)	(19,508)
Tax effect of hedge derivatives on equity	5,013	5,365
Other effects on income statement components	(858)	94
Other comprehensive income, net of tax effects	**(14,073)**	**(14,049)**
Total comprehensive income	**(2,921)**	**15,969**
Non-controlling interests in net (profit)/loss	136	39
IGD SIIQ S.p.A. share of net profit	**(2,785)**	**16,008**

5.3 Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in €/000)	Note	31/12/2012 (A)	31/12/2011 (B)	CHANGE (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	98	78	20
Goodwill	13	11,427	11,427	0
		11,525	**11,505**	**20**
Property, plant, and equipment				
Investment property	15	1,754,550	1,779,445	(24,895)
Buildings	14	9,349	9,592	(243)
Plant and machinery	16	1,271	1,388	(117)
Equipment and other assets	16	2,179	2,467	(288)
Leasehold improvements	16	1,317	1,460	(143)
Assets under construction	17	76,376	69,834	6,542
		1,845,042	**1,864,186**	**(19,144)**
Other non-current assets				
Deferred tax assets	18	29,280	19,888	9,392
Sundry receivables and other	19	3,828	1,965	1,863
Equity investments	20	304	212	92
Non-current financial assets	21	25	41	(16)
Derivative assets	42	150	202	(52)
		33,587	**22,308**	**11,279**
TOTAL NON-CURRENT ASSETS (A)		**1,890,154**	**1,897,999**	**(7,845)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	78,039	71,152	6,887
Inventory		-	7	(7)
Trade and other receivables	23	14,441	13,101	1,340
Related party trade and other receivables	24	531	983	(452)
Other current assets	25	3,144	11,393	(8,249)
Related party financial receivables and other current financial assets	26	734	1,426	(692)
Financial receivables and other current financial assets	26	41	278	(237)
Cash and cash equivalents	27	7,545	14,433	(6,888)
TOTAL CURRENT ASSETS (B)		**104,475**	**112,773**	**(8,298)**
TOTAL ASSETS (A + B)		**1,994,629**	**2,010,772**	**(16,143)**
NET EQUITY:				
Share capital		311,569	298,273	13,296
Share premium reserve		147,730	147,730	0
Other reserves		240,938	252,347	(11,409)
Group share		41,653	56,891	(15,238)
Total net equity pertaining to the Group		**741,890**	**755,241**	**(13,351)**
Non-controlling interests		11,676	11,812	(136)
TOTAL NET EQUITY (C)	28	**753,566**	**767,053**	**(13,487)**
NON-CURRENT LIABILITIES:				
Derivative liabilities	42	54,125	34,773	19,352
Non-current financial liabilities	29	559,359	860,659	(301,300)
Related party non-current financial liabilities	29	15,000	15,000	0
Provision for employee severance indemnities	30	1,191	796	395
Deferred tax liabilities	18	45,422	48,366	(2,944)
General provisions	31	1,667	1,386	281
Sundry payables and other non-current liabilities	32	7,398	7,325	73
Related party sundry payables and other non-current liabilities	32	12,842	12,771	71
TOTAL NON-CURRENT LIABILITIES (D)		**697,004**	**981,076**	**(284,072)**
CURRENT LIABILITIES:				
Current financial liabilities	33	501,834	184,447	317,387
Related party current financial liabilities	33	21,783	50,469	(28,686)
Trade and other payables	35	8,287	11,215	(2,928)
Related party trade and other payables	36	4,359	2,643	1,716
Current tax liabilities	37	836	7,869	(7,033)
Other current liabilities	38	6,946	5,982	964
Related party other current liabilities	38	14	18	(4)
TOTAL CURRENT LIABILITIES (E)		**544,059**	**262,643**	**281,416**
TOTAL LIABILITIES (F = D + E)		**1,241,063**	**1,243,719**	**(2,656)**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**1,994,629**	**2,010,772**	**(16,143)**

5.4 Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	GROUP PROFIT	GROUP EQUITY	NON-CONTROLLING INTERESTS	TOTAL NET EQUITY
Balance at 1 January 2011	**298,273**	**147,730**	**259,868**	**55,731**	**761,603**	**11,851**	**773,454**
Profit for the year				30,057	30,057	(39)	30,018
Cash flow hedges			(14,143)		(14,143)		(14,143)
Other comprehensive income (losses)			94		94		94
Total comprehensive income (losses)			**(14,049)**	**30,057**	**16,008**	**(39)**	**15,969**
Allocation of 2010 profit							
- dividends				(22,370)	(22,370)		(22,370)
- coverage of IAS/IFRS effects							
- to undistributed earnings reserve							
- to legal reserve			1,385	(1,385)	0	0	0
- to other reserves			5,143	(5,143)	0	0	0
Balance at 31 December 2011	**298,273**	**147,730**	**252,347**	**56,891**	**755,241**	**11,812**	**767,053**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER R ESERVES	GROUP PROFIT	GROUP EQUITY	NON-CONTROLLING INTERESTS	TOTAL NET EQUITY
Balance at 01 January 2012	**298,273**	**147,730**	**252,347**	**56,891**	**755,241**	**11,812**	**767,053**
Profit for the year				11,288	11,288	(136)	11,152
Cash flow hedges			(13,215)		(13,215)		(13,215)
Other comprehensive income (losses)			(858)		(858)		(858)
Total comprehensive income (losses)			**(14,073)**	**11,288**	**(2,785)**	**(136)**	**(2,921)**
Allocation of 2011 profit							
dividends				(23,862)	(23,862)		(23,862)
capital increase	13,296				13,296		13,296
to undistributed earnings reserve							
to legal reserve			1,437	(1,437)	0	0	0
to other reserves			1,227	(1,227)	0	0	0
Balance at 31 December 2012	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**

5.5 Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS (in €/000)	31/12/2012	31/12/2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**4,967**	**29,142**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	8,186	6,343
(Depreciation, amortization and provisions)	3,864	2,893
(Impairment losses)/reversals on work in progress and goodwill	1,211	(29)
(Impairment losses on work in progress inventory)	0	0
Fair value changes	29,383	14,150
Income (loss) from equity investments	746	528
CASH FLOW FROM OPERATING ACTIVITIES	**48,357**	**53,027**
Current taxes	(1,270)	(1,049)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**47,087**	**51,978**
Change in inventories	(6,880)	(6,863)
Net change in current assets and liabilities with third parties	(6,115)	22,242
Net change in current assets and liabilities with related parties	2,164	(2,546)
Net change in non-current assets and liabilities with third parties	(1,486)	(4,324)
Net change in non-current assets and liabilities with related parties	71	833
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**34,841**	**61,320**
(Investments) in fixed assets	(13,805)	(127,905)
Disposals of fixed assets	30	385
Disposals of equity investments	0	0
(Investments) in equity investments	(108)	-
CASH FLOW FROM INVESTING ACTIVITIES	**(13,883)**	**(127,520)**
Change in non-current financial assets	15	(22)
Change in financial receivables and other current financial assets with third parties	237	5,695
Change in related party financial receivables and other current financial assets	692	(335)
Dividend reinvestment option	12,712	0
Distribution of dividends	(23,862)	(22,370)
Change in current debt with third parties	317,387	(2,889)
Change in current debt with related parties	(28,686)	46,342
Change in non-current debt with third parties	(306,298)	21,961
Change in non-current debt with related parties	0	0
CASH FLOW FROM FINANCING ACTIVITIES	**(27,803)**	**48,382**
Exchange gains/(losses) on cash and cash equivalents	(43)	(13)
NET INCREASE (DECREASE) IN CASH BALANCE	**(6,888)**	**(17,831)**
CASH BALANCE AT BEGINNING OF YEAR	**14,433**	**32,264**
CASH DISPOSED OF THROUGH THE SALE OF EQUITY INVESTMENTS	**0**	**0**
CASH BALANCE AT END OF YEAR	**7,545**	**14,433**

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 SIIQ S.p.A. at 31 December 2012 were approved and authorized for publication by the Board of Directors on 28 February 2013.

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 2012 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, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. 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).

→ Reporting formats

The items in the statement of financial position have been classified as current or non-current, and those in the income statement by type.

The statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.

The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.

The statement of cash flows is prepared using the indirect method, adjusting the profit for non-cash items.

→ 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 2011, with the exception of the following new standards and interpretations applicable from 1 January 2012.

IFRS 7 Financial Instruments
Disclosures

The amendment was issued to 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. The adoption of these changes has not affected the Group's financial position or performance.

IAS 12 Income Taxes
Recovery of Underlying Assets

On 20 December 2010, the IASB issued an amendment to IAS 12 – Income Taxes that clarifies the calculation of deferred taxes on investment property measured at fair value. It establishes a presumption that deferred taxes on investment property measured at fair value according to IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. As a result of this amendment, SIC 21 – Income Taxes: Recovery of Revalued Non-depreciable Assets will no longer be applicable. The amendment must be applied retrospectively from 1 January 2012. The adoption of these changes has not affected the Group's financial position or performance.

IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

The IASB has supplied guidelines on how an entity should resume presenting IFRS-compliant financial statements when its functional currency is no longer hyperinflationary. The amendment is effective for annual periods beginning on or after 1 July 2011. This change has had no impact on the Group.

→ Accounting standards, amendments, and interpretations effective from 1 January 2013 or thereafter and not applied in advance by the Group

On 16 June 2011, the IASB issued an amendment to IAS 1 - *Presentation of Financial Statements,* requiring entities to group all items of other comprehensive income according to whether they might or might not be reclassified to profit or loss in subsequent periods. The amendment is effective for financial years beginning on or after 1 July 2012. The adoption of this amendment will have no impact on the measurement of financial statement items.

On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option to defer recognition of gains and losses, known as the "corridor approach", and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendment also introduces additional disclosure requirements and is applicable retrospectively to financial years beginning on or after 1 January 2013.

On 12 May 2011 the IASB issued IFRS 10 – *Consolidated Financial Statements,* which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (to be renamed *Separate Financial Statements*) and address the accounting treatment of investments in separate financial statements. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. It also provides additional guidance for situations where control may be difficult to determine. IFRS 10 must be applied retrospectively from 1 January 2014.

On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* which supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly-controlled Entities – Non-monetary Contributions by Venturers.* The new standard sets out criteria for identifying joint arrangements, by focusing on the rights and obligations of the arrangement rather than its legal form, and requires a single method to account for interests in jointly-controlled entities, the equity method. IFRS 10 must be applied retrospectively from 1 January 2014. Following the issue of the new standard, IAS 28 – I*nvestments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application.

On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities,* a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard must be applied retrospectively from 1 January 2014.

On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* clarifying the determination of fair value for the purpose of the financial statements and applying to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard must be applied prospectively from 1 January 2013.

On 16 December 2011, the IASB issued amendments to IAS 32 – *Financial Instruments: Presentation,* which clarifies application of certain criteria contained in IAS 32 for offsetting financial assets and liabilities. The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2013.

On 16 December 2011, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures.* The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. The amendments are effective for annual periods beginning on or after 1 January 2013 and for interim periods beginning thereafter. Disclosures must be provided retrospectively.

→ 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 € thousand), 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 2012, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. With respect to the previous year, the scope of consolidation has expanded to include the newly formed IGD Property SIINQ S.p.A.

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	PERCENTAGE CONSOLIDATED	HELD BY	PERCENTAGE OF CAPITAL HELD	OPERATIONS
PARENT COMPANY								
IGD SIIQ S.p.A.	Ravenna via agro pontino 13	Italy	322,545,915.08	Eur				Shopping center management
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
IGD Management 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 europei 1957-2007	Italy	60,000,000.00	Eur	80%	IGD Management s.r.l.	80.00%	Construction company
IGD Property SIINQ S.p.A.	Ravenna via Villa Glori 4	Italy	150,000.00	Eur	100%	IGD SIIQ S.p.A.	100.00%	Shopping center management
Win Magazin S.A.	Bucarest	Romania	113,715.30	Lei	100.00%	IGD Management s.r.l. 99,9%	100.00%	Shopping center management
						IGD SIIQ S.p.A. 0,1%		
Winmarkt management s.r.l.	Bucarest	Romania	1,001,000.00	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	67,180.00	Eur		IGD SIIQ S.p.A.	100.00%	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 n.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	Casalecchio di Reno (Bologna) via Isonzo n. 67	Italy	60,000.00	Eur		IGD Management s.r.l.	15.00%	Real estate development
Fondazione Virtus Pallacanestro Bologna	Bologna via dell'Arcoveggio n.49/2	Italy	1,200,000.00	Eur		IGD SIIQ S.p.A.	8.33%	Sports team promotion

→ Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its subsidiaries at 31 December 2012. The financial statements of subsidiaries are prepared each year using the same accounting standards as the parent. 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 net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the 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.

The financial statements of all companies in the IGD SIIQ Group 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 an impairment loss, 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, wholesale and fitness zones, 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 2012 incorporate the property appraisals as follows:
- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains 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 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 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 derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss 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 amount (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 pre-determined 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.

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 statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- 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.

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 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 derecognized 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 2012, 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 statement of financial position, 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 the statement of financial position are broken down below by business segment, followed by a geographical breakdown of revenue from freehold properties.

INCOME STATEMENT € / 1000	PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
REVENUE	**118,121**	**115,906**	**5,136**	**5,284**	**7**	**1,726**			**123,264**	**122,916**
CHANGE IN INVENTORY					7,976	7,356			7,976	7,356
DIRECT COSTS	-23,512	-18,926	-4,603	-4,355	-7,647	-8,237			-35,762	-31,518
GROSS MARGIN	**94,609**	**96,980**	**533**	**929**	**336**	**845**	**0**	**0**	**95,478**	**98,754**
G&A EXPENSES							-10,273	-10,159	-10,273	-10,159
EBITDA	**94,609**	**96,980**	**533**	**929**	**336**	**845**	**-10,273**	**-10,159**	**85,205**	**88,595**
IMPAIRMENT/DEP.&AMORT.	-31,500	-14,885	-2	-5	-12	-12	-408	-329	-31,922	-15,231
EBIT	**63,109**	**82,094**	**531**	**924**	**324**	**833**	**-10,681**	**-10,487**	**53,283**	**73,364**
FINANCIAL INCOME MARGIN							**-47,570**	**-43,335**	**-47,570**	**-43,335**
EQUITY INVESTMENT MARGIN							**-746**	**-887**	**-746**	**-887**
TAXES							**6,185**	**876**	**6,185**	**876**
NET PROFIT									**11,152**	**30,018**
NON-CONTROLLING INTERESTS IN (PROFIT)/LOSS							136	39	136	39
GROUP NET PROFIT									**11,288**	**30,057**

STATEMENT OF FINANCIAL POSITION € / 1000	PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
TANGIBLE ASSETS	1,759,309	1,784,750	0	0	8	10	9,349	9,592	1,768,666	1,794,352
INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS	0	0	0	0	1	14	44,936	33,556	44,937	33,570
CURRENT INVESTMENTS	76,376	69,834	0	0	0	0	0	0	76,376	69,834
NET WORKING CAPITAL	(3,348)	(486)	2,953	96	76,108	95,239	0	(25,940)	75,713	68,909
OTHER NON-CURRENT LIABILITIES	(44,567)	(53,405)	(734)	(2,283)	(23,219)	(14,954)	0	0	(68,520)	(70,644)
TOTAL USE OF FUNDS	**1,787,770**	**1,800,693**	**2,219**	**(2,187)**	**52,898**	**80,307**	**54,285**	**17,208**	**1,897,172**	**1,896,021**
NET DEBT	1,011,423	1,061,495	0	(5,554)	23,923	21,248	54,285	17,208	1,089,631	1,094,397
NET (ASSETS) AND LIABILITIES FOR DERIVATIVE INSTRU-MENTS	53,975	34,571							53,975	34,571
EQUITY	722,372	704,627	2,219	3,367	28,975	59,059	0	0	753,566	767,053
TOTAL SOURCES	**1,787,770**	**1,800,693**	**2,219**	**(2,187)**	**52,898**	**80,307**	**54,285**	**17,208**	**1,897,172**	**1,896,021**

ENUE FROM FREEHOLD PROPERTIES € / 1000	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY AND ISLANDS		ABROAD		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
LEASE & RENTAL INCOME	48,322	46,890	47,616	46,238	11,038	11,676	106,977	104,804
ONE-OFF REVENUE	35	44	20	40	0	0	55	84
TEMPORARY LOCATION RENTALS	1,296	1,261	900	972	0	0	2,196	2,233
OTHER RENTAL INCOME	224	163	40	40	63	46	327	248
TOTAL	**49,877**	**48,357**	**48,577**	**47,290**	**11,101**	**11,722**	**109,555**	**107,369**

Notes to the consolidated financial statements

Note 1) Revenue

REVENUE	31/12/2012	31/12/2011	Change
Freehold hypermarkets	**34,152**	**31,403**	**2,749**
Rent and business lease	**34,152**	**31,403**	**2,749**
Related parties	34,152	31,403	2,749
Leasehold hypermarkets	**114**	**111**	**3**
Business lease	**114**	**111**	**3**
Related parties	114	111	3
Freehold supermarkets	**381**	**373**	**8**
Rent	**381**	**373**	**8**
Related parties	381	373	8
TOTAL HYPERMARKETS/SUPERMARKETS	**34,647**	**31,887**	**2,760**
Freehold malls, offices and city center properties	**72,634**	**73,217**	**(583)**
Rent	**20,300**	**21,244**	**(944)**
Related parties	380	313	67
Third parties	19,920	20,931	(1,011)
Business lease	**52,334**	**51,973**	**361**
Related parties	460	430	30
Third parties	51,874	51,543	331
Leasehold malls	**7,915**	**7,849**	**66**
Rent	**328**	**321**	**7**
Related parties	82	81	1
Third parties	246	240	6
Business lease	**7,587**	**7,528**	**59**
Related parties	119	171	(52)
Third parties	7,468	7,357	111
Other contracts	**1,158**	**1,113**	**45**
Other contracts and temporary rent at leasehold malls	1,112	1,076	36
Other contracts and temporary rent at leasehold malls - related parties	46	37	9
Temporary rent at freehold malls	**1,625**	**1,734**	**(109)**
Related parties	467	545	(78)
Third parties	1,158	1,189	(31)
TOTAL MALLS	**83,332**	**83,913**	**(581)**
GRAND TOTAL	**117,979**	**115,800**	**2,179**
of which related parties	36,201	33,464	2,737
of which third parties	81,778	82,336	(558)

For the sake of clarity, the provision made in 2011 with regard to the Darsena City shopping center has been reclassified as a deduction from revenue. In 2012 the provision amounted to €1,857 thousand (95% of the revenue in question), up from €1,741 thousand (90% of this revenue) the previous year.

The increase in rent and business lease revenue from hypermarkets/supermarkets derives mainly from:
- the full-year contribution of the hypermarkets at La Torre shopping center in Palermo and Coné shopping center in Conegliano, which have been bringing in rent since the second half of 2011;
- ISTAT inflation indexing of existing rental contracts.

Most of the net increase in business lease revenue from freehold malls, offices and city center properties is explained by:
- the full-year contribution of the Via Rizzoli building in Bologna, leased since April 2011;
- the full-year contribution of leasing out the two floors of the building where the Group's registered office is located;

- the full-year contribution of revenue from the 2011 acquisition of the division for the operation of retail businesses inside the mall at Crema's Gran Rondò shopping center;
- the 2011 acquisition of the division operating the cineplex, which entailed a reclassification of revenue from rent to business lease.

The decrease of €1,011 thousand in rent from freehold malls was caused by two factors: declining revenue in Romania due primarily to default by a major Romanian operator, leading to a restructuring plan whereby the rented floor space will be reduced in some centers and the amount of rent will be reduced in others; and the acquisition in 2011 of the cineplex operation business, entailing the reclassification of revenue from rent to business lease with respect to the previous year.
See the directors' report for further information.

Note 2) Other income and revenue from property sales

OTHER INCOME	31/12/2012	31/12/2011	CHANGE
Insurance refunds	4	19	(15)
Out-of-period income (charges)	0	12	(12)
Facility management revenues	3,512	3,724	(212)
Pilotage and construction revenues	102	102	0
Marketing revenues - related parties	13	13	0
Other	168	225	(57)
Total other income from third parties	**3,799**	**4,095**	**(296)**
Refund of other charges - related parties	0	6	(6)
Facility management revenues - related parties	1,373	1,204	169
Pilotage and construction revenues	3	0	3
Portfolio management and rent management revenues - related parties	62	61	1
Marketing revenues - related parties	41	81	(40)
Total other income from related parties	**1,479**	**1,352**	**127**
TOTAL	**5,278**	**5,447**	**(169)**

Starting in 2012, costs and revenue from charge-backs are offset against one another. For the sake of comparison, the 2011 figure has been reclassified accordingly.

Other income consists mainly of facility management revenue, which shows a moderate decrease on 2011. The formation in 2011 of the owners' consortiums of Crema and Sarca shopping centers explains the change in the mix between facility management revenue from third parties and related parties.

Other service revenue decreased, due in part to a reduction in marketing revenue from related parties with respect to the previous year.

No properties were sold in 2012.

Note 3) Service costs

SERVICE COSTS	31/12/2012	31/12/2011	CHANGE
Service costs	**15,981**	**14,794**	**1,187**
Rent paid	6,898	6,824	74
Rented vehicles	207	181	26
Utilities	130	82	48
Advertisements, listings, advertising & promotions	545	621	(76)
Service	5	1	4
Facility management costs	2,126	1,527	599
Facility management administration costs	615	600	15
Insurance	560	567	(7)
Professional fees	265	226	39
Directors' and statutory auditors' fees	800	746	54
External auditing fees	184	188	(4)
Investor relations, Consob, Monte Titoli costs	301	333	(32)
Recruitment, training and other personnel costs	452	416	36
Travel and accommodation	128	146	(18)
Failed project costs	78	201	(123)
Shopping center pilotage and construction costs	56	23	33
Consulting	1,097	1,287	(190)
Charge-backs	0	0	0
Maintenance and repairs	702	106	596
Bank fees and commissions	155	152	3
Cleaning, porterage and security	214	197	17
Other	463	370	93
Related party service costs	**3,470**	**3,511**	**(41)**
Rent paid	1,869	1,840	29
Utilities	0	0	0
Advertisements, listings, advertising & promotions	0	0	0
Shopping center promotional costs	100	100	0
Pilotage and construction costs	0	0	0
Service	262	298	(36)
Facility management costs	1,011	977	34
Insurance	64	64	0
Directors' and statutory auditors' fees	118	144	(26)
Consulting	12	2	10
Maintenance and repairs	3	5	(2)
Other	31	81	(50)
TOTAL	**19,451**	**18,305**	**1,146**

The principal components of this item are rent and usage fees for properties managed by IGD, shopping center management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms.

The most significant increases concerned:

- shopping center management costs, which rose by €599 thousand due mainly to Sunday openings, as well as an increase in average vacancy entailing higher costs to the Group for unlet premises;
- maintenance and repairs (+€596 thousand), for compliance with new building regulations and for weather damage suffered by certain shopping centers.

Note 4) Cost of labor

COST OF LABOR	31/12/2012	31/12/2011	CHANGE
Wages and salaries	5,883	5,623	260
Social security	1,696	1,627	69
Severance pay	490	312	178
Other costs	148	288	(140)
TOTAL	**8,217**	**7,850**	**367**

The cost of labor increased since 2011 due to organizational changes and the renewal of the national employment contract during the previous year.
Severance pay includes contributions to supplementary funds in the amount of €83 thousand.

The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2012	31/12/2011
Executives	6	6
Middle managers	26	23
White collar	128	137
TOTAL	**160**	**166**

The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. and its subsidiaries. The fees indicated make up the compensation for 2012 approved by the shareholders and the Board of Directors when these officers were appointed.

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE IN 2012	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/12-31/12/12	2014 FY appr.	91,500
Sergio Costalli	Vice Chairman	01/01/12-31/12/12	2014 FY appr.	63,495
Claudio Albertini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
	Chief Executive Officer	01/01/12-31/12/12	2014 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Leonardo Caporioni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Fernando Pellegrini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Aristide Canosani	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Massimo Franzoni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Riccardo Sabadini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Fabio Carpanelli	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Andrea Parenti	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Elisabetta Gualandri	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Tamara Magalotti	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Livia Salvini	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Francesco Gentili	Director	01/01/12-19/04/12	2011 FY appr.	4,959
Sergio Santi	Director	01/01/12-19/04/12	2011 FY appr.	4,959
Corrado Pirazzini	Director	01/01/12-19/04/12	2011 FY appr.	4,959
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/12-31/12/12	2014 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/12-31/12/12	2014 FY appr.	16,500
Pasquina Corsi	Standing Auditor	19/04/12-31/12/12	2014 FY appr.	11,586
Franco Gargani	Standing Auditor	01/01/12-19/04/12	2011 FY appr.	4,959

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE IN 2012	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
CONTROL AND RISKS COMMITTEE				
Massimo Franzoni	Director (Supervisor)	01/01/12-19/04/12	when no longer director	3,607
	Director	19/04/12-31/12/12	when no longer director	5,596
Elisabetta Gualandri	Director (Chairman)	19/04/12-31/12/12	when no longer director	8,393
Livia Salvini	Director	19/04/12-31/12/12	when no longer director	5,596
Aristide Canosani	Director	01/01/12-19/04/12	when no longer director	2,404
Leonardo Caporioni	Director	01/01/12-19/04/12	when no longer director	2,404
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/12-31/12/12	when no longer director	12,000
Aristide Canosani	Director	19/04/12-31/12/12	when no longer director	5,596
Livia Salvini	Director	19/04/12-31/12/12	when no longer director	5,596
Francesco Gentili	Director	01/01/12-19/04/12	when no longer director	2,404
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	2,404
COMPENSATION COMMITTEE				
Riccardo Sabadini	Director	01/01/12-19/04/12	when no longer director	500
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	500
Francesco Gentili	Director	01/01/12-19/04/12	when no longer director	500
NOMINATIONS COMMITTEE				
Fabio Carpanelli	Director	01/01/12-19/04/12	when no longer director	1,000
Giorgio Boldreghini	Director	01/01/12-19/04/12	when no longer director	1,000
Andrea Parenti	Director	01/01/12-19/04/12	when no longer director	1,000
NOMINATIONS AND COMPENSATION COMMITTEE				
Andrea Parenti	Director (Chairman)	19/04/12-31/12/12	when no longer director	3,000
Fabio Carpanelli	Director	19/04/12-31/12/12	when no longer director	3,000
Tamara Magalotti	Director	19/04/12-31/12/12	when no longer director	3,000
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/12-19/04/12	when no longer director	500
	Chairman	19/04/12-31/12/12	when no longer director	0
Sergio Costalli	Vice Chairman	01/01/12-19/04/12	when no longer director	500
	Vice Chairman	19/04/12-31/12/12	when no longer director	0
Claudio Albertini	Chief Executive Officer	01/01/12-19/04/12	when no longer director	500
	Chief Executive Officer	19/04/12-31/12/12	when no longer director	0
Roberto Zamboni	Director	01/01/12-19/04/12	when no longer director	500
	Director	19/04/12-31/12/12	when no longer director	0
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	500
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Supervisor)	01/01/12-19/04/12	when no longer director	3,607
	Director (Chairman)	19/04/12-31/12/12	when no longer director	750
Andrea Parenti	Director	01/01/12-19/04/12	when no longer director	2,404
	Director	19/04/12-31/12/12	when no longer director	750
Giorgio Boldreghini	Director	01/01/12-19/04/12	when no longer director	2,404
	Director	19/04/12-31/12/12	when no longer director	750
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/12-31/12/12	when no longer director	750
Compliance Committee				
Subsidiary: IGD Management S.r.l.				
Fabio Carpanelli	Chairman	01/01/12-31/12/12	2014 FY appr.	3,000
Francesco Gentili	Compliance Committee	01/01/12-18/06/12		929
Sergio Santi	Compliance Committee	01/01/12-18/06/12		929
Board of Directors				
Subsidiary: Porta Medicea S.r.l.				
Fabio Carpanelli	Director	01/01/12-31/12/12	2013 FY appr.	1,500
COMPLIANCE COMMITTEE				
Subsidiary: Porta Medicea S.r.l.				
Fabio Carpanelli	Director	19/06/12-31/12/12	2013 FY appr.	1,615
Francesco Gentili	Compliance Committee	01/01/12-18/06/12	2013 FY appr.	1,397

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2012	31/12/2011	CHANGE
IMU/property tax	7,507	4,596	2,911
Other taxes	42	64	(22)
Contract registration	360	323	37
Out-of-period (income)/charges	4	8	(4)
Membership fees	83	79	4
Losses on receivables	52	302	(250)
Sundry penalties	10	19	(9)
Fuel and tolls	170	135	35
Magazine subscriptions, office supplies, forms	84	93	(9)
Other operating costs	199	115	84
TOTAL	**8,511**	**5,734**	**2,777**

Other operating costs increased due to the replacement of the local property tax (ICI) in 2012 with the new municipal property tax (IMU), which raised taxes significantly due to the higher rates and new rules for calculating the base amount.

Note 6) Change in work in progress inventory

CHANGE IN WORK IN PROGRESS INVENTORY	31/12/2012	31/12/2011	CHANGE
Construction costs for the year	7,313	8,061	(748)
Interest capitalized	663	523	140
Disposal of inventory due to sale		(1,228)	1,228
Change in work in progress inventory	**7,976**	**7,356**	**620**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno increased by €7,976 thousand due mainly to the advancement of works on Piazza Mazzini.
Financial charges of €663 thousand were capitalized for the year.

Note 7) Depreciation, amortization and provisions

DEPRECIATION, AMORTIZATION AND PROVISIONS	31/12/2012	31/12/2011	CHANGE
Amortization	(23)	(27)	4
Depreciation	(1,303)	(1,082)	(221)
Allocation to provision for doubtful accounts	(2,164)	(2,022)	(142)
Other provisions	(374)	238	(612)
Total depreciation, amortization and provisions	**(3,864)**	**(2,893)**	**(971)**
(Impairment losses)/reversals on work in progress	**(1,211)**	**28**	**(1,239)**
Fair value changes	**(29,383)**	**(14,150)**	**(15,233)**
Total depreciation, amortization, impairment and fair value changes	**(34,458)**	**(17,015)**	**(17,443)**

Depreciation and amortization are discussed in notes 12 and following.
The accrual to the provision for doubtful accounts, €2,164 thousand, was slightly higher than the previous year. Given the problematic economy, the accrual was made by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See note 23 for changes in this provision. A portion of the 2011 accrual has been reclassified, as mentioned above in note 1.
Other provisions refer chiefly to the estimated outcome of two IMU (municipal property tax) disputes regarding

Le Maioliche (Faenza) and La Torre (Palermo) shopping centers.
This item also covers the adjustment to fair value of the investment property discussed in note 15 and the impairment losses discussed in note 17. Net impairment losses for the adjustment of investment property to fair value amounted to €29,383 thousand for the year. The item "impairment losses/reversals on work in progress" covers the write-downs charged on direct development initiatives in progress in order to adjust their cost to fair value, in the amount of €1,211 thousand.

Note 8) Income/(loss) from equity investments

INCOME/(LOSS) FROM EQUITY INVESTMENTS	31/12/2012	31/12/2011	CHANGE
Impairment of equity investments	(16)	(528)	512
Price adjustment on sale of equity investment	(730)	(359)	(371)
Total income/(loss) from equity investments	**(746)**	**(887)**	**141**

The net loss from equity investments in 2012 stems from the impairment of the Group's 15% interest in Iniziative Bologna Nord (€16 thousand), and from an estimate of the possible price adjustment on the 2010 sale of RGD S.r.l. (€730 thousand), which would be payable in 2013.

Note 9) Financial income and charges

FINANCIAL INCOME	31/12/2012	31/12/2011	CHANGE
Bank interest income	116	235	(119)
Other interest income and equivalent	46	50	(4)
Interest on repurchase agreement	0	75	(75)
Income from repurchase agreement	0	8	(8)
Interest on VAT refund	24	151	(127)
Exchange gains	359	263	96
Total third parties	**545**	**782**	**(237)**
Interest income from related parties	9	18	(9)
Interest income from Coop Adriatica account	0	9	(9)
Total related parties	**9**	**27**	**(18)**
Total financial income	**554**	**809**	**(255)**

Financial income decreased due mainly to the trend in interest rates, as the substantial decline in Euribor rates depressed interest income on current accounts held by Group companies.
“Interest on VAT refund” was €127 thousand lower than the previous year and consists of interest received in 2012 by Porta Medicea for the period between the 90th day following the date of application for the VAT refund (28 February 2012) and the date the application was approved (25 June 2012), as well as interest accrued from the 21st day following the notice of payment (26 June 2012) until the actual date of the refund (23 November 2012).
Exchange gains on the Romanian leu came to €359 thousand for the year, an increase of €96 thousand with respect to 2011.
Interest income from related parties is described in Note 40.

FINANCIAL CHARGES	31/12/2012	31/12/2011	CHANGE
Interest expense on security deposits	305	177	128
Interest expense on Coop Adriatica account	1,932	970	962
Total related parties	**2,237**	**1,147**	**1,090**
Interest expense to banks	4,609	3,292	1,317
Other interest and charges	800	1,662	(862)
Exchange losses	293	379	(86)
Mortgage loan interest	14,779	16,112	(1,333)
Financial charges on leasing	149	235	(86)
Bond interest and charges	13,204	12,874	330
IRS spreads	12,053	8,443	3,610
Total third parties	**45,887**	**42,997**	**2,890**
Total financial charges	**48,124**	**44,144**	**3,980**

Financial charges increased by around €3,980 thousand. Although the net financial position was essentially stable (from €1,094,397 thousand at 31 December 2011 to €1,089,631thousand at the end of 2012), financial charges went up due to the significantly higher spreads on short-term borrowing and to the new loans taken out during the year. In addition, the average cost of debt rose from 4.08% in 2011 to 4.29%; net of the pro-forma charges on the convertible bond loan, it increased from 3.71% to 3.91%.

The most significant changes during the year were as follows:

- the increase in IRS spreads relates to interest rate hedging transactions in effect for all of 2012 and to the substantial decline in the base rate (3-month Euribor), which raised the spread between fixed interest paid and variable interest received;
- the net decrease in mortgage loan interest was caused by the reduction in the base rate (3-month Euribor) for adjustable rate mortgages. This was partially offset by the effect of new loans taken out from Intesa Group in March 2012 and November 2012 (for the purchase of the Via Rizzoli building in Bologna) and the full impact of the new mortgage loans (for the investments in Palermo and Conegliano and the Livorno project) contracted in the third quarter of 2011;
- the increase in interest expense to banks relates primarily to the substantially higher spread on short-term borrowings;
- the decrease in exchange losses concerns net financial charges in Romania, amounting to €293 thousand for the year;
- the sharp rise in interest paid to Coop Adriatica stems from the higher average debit balance on the pooled accounts held with the parent.

Bond interest and charges, at €13,204 thousand, are made up as follows:

- interest to bondholders (3.50%) = €8,050 thousand;
- higher financial charges due to effective interest rate of 5.57% = €4,202 thousand;
- higher financial charges due to use of amortized cost method = €952 thousand.

Note 10) Income taxes

INCOME TAXES	31/12/2012	31/12/2011	CHANGE
Current taxes	1,401	1,397	4
Deferred tax liabilities	(3,104)	703	(3,807)
Deferred tax assets	(4,351)	(2,628)	(1,723)
Out-of-period income/charges	(131)	(348)	217
Total	**(6,185)**	**(876)**	**(5,309)**

Current and deferred tax amount to a positive €6,185 thousand, 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 27.7% on the overall tax rate. Net of the fair value effect, the tax rate comes to 6.77% of the pre-tax profit, slightly less than the 7.46% reported the previous year.

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	31/12/2012	31/12/2011
Net profit attributable to IGD SIIQ S.p.A. shareholders	11,288	30,057
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	24,372	42,793
Weighted average number of ordinary shares for purposes of basic earnings per share	309,682,452	298,272,669
Weighted average number of ordinary shares for purposes of diluted earnings per share	393,728,301	381,909,033
Basic earnings per share	**0.036**	**0.101**
Diluted earnings per share	**0.062**	**0.112**

Note 12) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	AMORTIZATION	BALANCE AT 31/12/2011
Intangible assets with finite useful lives	69	36	0	(27)	78
Intangible assets with finite useful lives under development	0	0	0	0	0
Total intangible assets with finite useful lives	**69**	**36**	**0**	**(27)**	**78**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	AMORTIZATION	BALANCE AT 31/12/2012
Intangible assets with finite useful lives	78	8	0	(23)	63
Intangible assets with finite useful lives under development	0	35	0	0	35
Total intangible assets with finite useful lives	**78**	**43**	**0**	**(23)**	**98**

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.
Most of the increase for the year relates to the purchase of business software for a project currently in course, scheduled for completion in 2013.

Note 13) Goodwill

GOODWILL 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2011
Goodwill	**11,427**				**11,427**

GOODWILL 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2012
Goodwill	**11,427**				**11,427**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2012:

GOODWILL	31/12/2011	31/12/2012
Millennium S.r.l.	3,952	3,952
Win Magazin 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 plan for 2013-2015, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.16%; the risk premium contained in the cost of equity is 4.80%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 14) Buildings

BUILDINGS 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2011
Historical cost	7,988	2,126	0		10,114
Accumulated depreciation	(320)	0	0	(202)	(522)
Net carrying value	**7,668**	**2,126**	**0**	**(202)**	**9,592**

BUILDINGS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Historical cost	10,114	0	0		10,114
Accumulated depreciation	(522)	0	0	(243)	(765)
Net carrying value	**9,592**	**0**	**0**	**(243)**	**9,349**

This item refers to the purchase of the building housing IGD SIIQ S.p.A.'s head office. The only movement during the year was depreciation.

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 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICA-TIONS	BALANCE AT 31/12/2011
Investment property	**1,666,630**	**104,979**	**(1,022)**	**18,576**	**(32,726)**	**23,008**	**1,779,445**

INVESTMENT PROPERTY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICA-TIONS	BALANCE AT 31/12/2012
Investment property	**1,779,445**	**3,332**	**(896)**	**6,305**	**(35,688)**	**2,052**	**1,754,550**

In 2012 the restyling of the ESP shopping center was completed, and extraordinary maintenance work was performed on the malls at Porto Grande, Afragola, Conegliano and Centro Sarca.
Most of the decrease concerns the adjustment of contingent consideration regarding a mall.
The heading "Reclassifications" covers work completed at various shopping centers listed as assets under construction the previous year.
The adjustment to fair value at 31 December 2012 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 change, net of depreciation, refers mainly to the upgrade of the cooling system at Ascoli shopping center and the addition of equipment at various centers, as well as the completion of work on the head office.

Movements in plant and machinery in 2012 and 2011 are shown below:

PLANT AND MACHINERY 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2011
Historical cost	2,404	543	0	0	0	0	2,947
Accumulated depreciation	(1,274)	0	0	(285)	0	0	(1,559)
Net carrying value	**1,130**	**543**	**0**	**(285)**	**0**	**0**	**1,388**

PLANT AND MACHINERY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Historical cost	2,947	245	(3)	0	0	0	3,189
Accumulated depreciation	(1,559)	0	0	(359)	0	0	(1,918)
Net carrying value	**1,388**	**245**	**(3)**	**(359)**	**0**	**0**	**1,271**

The following tables show movements in equipment in 2012 and 2011:

EQUIPMENT 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2011
Historical cost	2,723	1,316	(7)	0	17	0	4,049
Accumulated depreciation	(1,174)	0	3	(415)	0	4	(1,582)
Net carrying value	**1,549**	**1,316**	**(4)**	**(415)**	**17**	**4**	**2,467**

EQUIPMENT 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Historical cost	4,049	152	(6)	0	79	(5)	4,269
Accumulated depreciation	(1,582)	0	5	(516)	0	3	(2,090)
Net carrying value	**2,467**	**152**	**(1)**	**(516)**	**79**	**(2)**	**2,179**

Movements in leasehold improvements in 2012 and the previous year:

LEASEHOLD IMPROVEMENTS 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2011
Net carrying value	**1,640**	**0**	**0**	**(180)**	**0**	**0**	**1,460**

LEASEHOLD IMPROVEMENTS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRAN-SLATION GAIN/LOSS	BALANCE AT 31/12/2012
Net carrying value	**1,460**	**2**	**0**	**(185)**	**40**	**0**	**1,317**

Note 17) Assets under construction

ASSETS UNDER CONSTRUCTION 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	RECLASSIFICA-TIONS	(IMPAIRMENT LOSSES)/ REVERSALS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2011
Assets under construction	**74,291**	**18,905**	**(378)**	**(23,025)**	**28**	**13**	**69,834**

ASSETS UNDER CONSTRUCTION 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSIFICA-TIONS	(IMPAIRMENT LOSSES)/ REVERSALS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Assets under construction	**69,834**	**10,166**	**(581)**	**(1,803)**	**(1,211)**	**(29)**	**76,376**

The increase in assets under construction is due primarily to:

- progress on the retail portion of the Porta a Mare project in Livorno for €5,372 thousand;
- progress on the urbanization works relative to the future retail park in Chioggia, for €848 thousand;
- progress on the expansion of the ESP, Portogrande and Abruzzo shopping centers, for respectively €357 thousand, €117 thousand and €267 thousand;
- work in progress for €2,595 thousand.

The decreases is essentially due to:

- an impairment loss of €1,211thousand charged on land and construction in progress to reflect the difference between cost and appraised fair value;
- the completion of work, for €1,803 thousand, on various shopping centers and their consequent reclassification to investment property.

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 investment property and interest rate swaps.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	31/12/2012	31/12/2011	Change
Deferred tax assets	**29,280**	**19,888**	**9,392**
Deferred tax liabilities	**(45,422)**	**(48,366)**	**2,944**

In detail:

DEFERRED TAX ASSETS	31/12/2012	31/12/2011	CHANGE
Capital increase	4	0	4
Taxed provisions	312	287	25
Bonus provision	77	72	5
IAS 40	12,454	9,236	3,218
Higher land value for tax purposes	753	752	1
Interest rate swaps	14,073	9,060	5,013
Impairment losses on land and construction in progress	503	169	334
impairment losses on equity investments	394	0	394
Loss from tax consolidation	693	285	408
Other effects	17	27	(10)
Total deferred tax assets	**29,280**	**19,888**	**9,392**

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).

The change for the year stems from:
- the recognition of deferred taxes on mortgage hedging instruments (IRS) in the amount of €5,013 thousand;
- the recognition of deferred taxes related to writedowns of work in progress, in the amount of €334 thousand;
- the recognition of deferred taxes on the fair value adjustment of investment property, in the amount of €3,218 thousand;
- the recognition of deferred taxes on the impairment of equity investments and the price adjustment mentioned in Note 8.

There was an increase in deferred tax assets while taxable income for IRES purposes proved once again to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous year.

DEFERRED TAX LIABILITIES	31/12/2012	31/12/2011	CHANGE
Tax effect on fair value of properties	45,210	48,115	(2,905)
Tax effect on convertible bond	39	92	(53)
Other effects	173	159	14
Total deferred tax liabilities	**45,422**	**48,366**	**(2,944)**

Deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The decrease relates mostly to the impairment losses charged on various properties.

Note 19) Sundry receivables and other non-current assets

SUNDRY RECEIVABLES AND OTHER	31/12/2012	31/12/2011	CHANGE
Tax credits	4	4	0
Beneficial interest	3,767	1,907	1,860
Security deposits	57	53	4
Total	**3,828**	**1,965**	**1,863**

"Beneficial interest" pertains to the cost incurred for the renewal, in December 2012, of the real right of enjoyment of the mall at Città delle Stelle Shopping Center for 2013 and 2014. The amount pertaining to 2012 was recognized in the income statement.

Note 20) Equity investments

EQUITY INVESTMENTS	31/12/2011	INCREASES	DECREASES	IMPAIRMENT	31/12/2012
Equity investments in subsidiaries					
Consorzio Forte di Brondolo	55				55
Consorzio Proprietari C.C. Leonardo	52				52
Consorzio C.C. i Bricchi	4				4
Equity investments in associates					
Consorzio Millennium Center	4				4
Equity investments in other companies					
Iniziative Bologna Nord	88			(16)	72
Consorzio Business Park	8	7			15
Fondazione Virtus Pallacanestro Bologna		100			100
Other minor investments	1	1			2
Total	**212**	**108**	**0**	**(16)**	**304**

This table shows the impairment loss of €16 thousand on the investment in Iniziative Bologna Nord, as mentioned in Note 8.

The increase refers essentially to the subscription as a founding member of a €100,000 share of Fondazione Virtus Pallacanestro Bologna.

Note 21) Non-current financial assets

NON-CURRENT FINANCIAL ASSETS	31/12/2012	31/12/2011	CHANGE
Non-current financial assets	25	41	(16)

Note 22) Work in progress inventory and advances

WORK IN PROGRESS INVENTORY AND ADVANCES	31/12/2011	INCREASES	INTEREST CAPITALIZED	DECREASES	RECLASSIFICA-TIONS	31/12/2012
Porta a Mare project	69,845	7,313	663	0	(350)	77,471
Advances	1,307	23	0	(682)	(80)	568
Total	**71,152**	**7,336**	**663**	**(682)**	**(430)**	**78,039**

Work in progress inventory relating to the land, buildings, and urban infrastructures of the Porta a Mare project increased by €7,313 thousand due to the advancement of works. Financial charges of €663 thousand were capitalized for the year.
The decrease in advances relates to work carried out during the year.
Of the previous year's figures, €430 thousand from the retail portion of the project has been reclassified to assets under construction.
The complex will include residential areas, shopping, services, and overnight accommodation. The shopping (retail) section has been restated to assets under construction. See section 2.5.2 for further details.

Note 23) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2012	31/12/2011	CHANGE
Trade and other receivables - third parties	27,084	22,290	4,794
Provision for doubtful accounts	(12,643)	(9,189)	(3,454)
Total	**14,441**	**13,101**	**1,340**

The rise in trade receivables is due to the increase in extended payment terms granted to certain operators and to the growth of impaired receivables and payments being sought through legal action, accounting for the rise in the provision for doubtful accounts. In particular, the amount due from Magazzini Darsena S.p.A. (€3,885 thousand) has been written down by €3,598 thousand(see Note 45 for details). 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:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2011	CHANGE IN SCOPE OF CONSOLIDATION	TRANSLATION EFFECT	UTILIZATIONS	WRITEDOWN OF DELINQUENT INTEREST	ALLOCATIONS	31/12/2012
Provision for doubtful accounts	9,189	0	(39)	(578)	50	4,021	12,643
Total provision for doubtful accounts	**9,189**	**0**	**(39)**	**(578)**	**50**	**4,021**	**12,643**

Note 24) Related party trade and other receivables

RELATED PARTY TRADE AND OTHER RECEIVABLES	31/12/2012	31/12/2011	CHANGE
Parent	52	40	12
Total parent	**52**	**40**	**12**
Consorzio dei Proprietari Centro Leonardo	1	2	(1)
Consorzio C.C. i Bricchi	1	29	(28)
Ipercoop Sicilia	24	23	1
Viaggia con Noi	4	13	(10)
Vignale Comunicazioni S.r.l.	55	116	(61)
Unicoop Tirreno S.c.a.r.l.	51	95	(44)
Librerie Coop S.p.A.	14	16	(2)
Robintur S.p.A.	1	1	(0)
Consorzio La Torre	164	165	(1)
Consorzio Crema	31	1	30
Consorzio Forte di Brondolo	2	2	0
Consorzio Katanè	119	58	61
Consorzio Lame	1	1	0
Consorzio Conè	1	3	(1)
Consorzio Sarca	10	418	(409)
Other related parties	**479**	**943**	**(464)**
Total related parties	**531**	**983**	**(452)**

See Note 40 for comments.

Note 25) Other current assets

OTHER CURRENT ASSETS	31/12/2012	31/12/2011	CHANGE
Tax credits			
VAT credits	1,624	9,213	(7,589)
IRES credits	520	906	(386)
IRAP credits	70	107	(37)
Due from others			
Advances paid to suppliers	8	40	(32)
Due from insurers	0	1	(1)
Accrued income and prepayments	421	513	(92)
Deferred costs	251	201	50
Other	250	412	(162)
Total other current assets	**3,144**	**11,393**	**(8,249)**

Other current assets decreased since the previous year, due mainly to the use of a VAT credit for €4,789 thousand and the receipt of a VAT refund in the amount of €2,800 thousand.
Of deferred costs, €210 thousand refers to transaction costs on the future sales, to be finalized between October and December 2013, of the Piazza Mazzini residential units of the Porta a Mare project. These will be expensed when the proceeds of the sales are realized.
The heading "Other" consists mainly of rent paid to the town of San Giovanni Teatino, at the end of the previous year, for the use of parking spaces at the Abruzzo shopping center in 2013 (€117 thousand).

Note 26) Financial receivables and other current financial assets

CURRENT FINANCIAL ASSETS	31/12/2012	31/12/2011	CHANGE
Other financial assets	41	278	(237)
Total third parties	**41**	**278**	**(237)**
Other related parties	734	1,426	(692)
Total related parties	**734**	**1,426**	**(692)**

This item decreased due to the ongoing collection of a VAT refund accrued in 2010, which is being repaid in installments.
Financial receivables from related parties decreased mainly as a result of the closure of part of the market rate loan granted to the company Iniziative Immobilari Bologna Nord (held 15%).

Note 27) Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2012	31/12/2011	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	7,377	14,313	(6,936)
Cash on hand	168	120	48
Total cash and cash equivalents	**7,545**	**14,433**	**(6,888)**

Cash and cash equivalents at 31 December 2012 consisted mainly of current account balances at banks

Note 28) Net equity

NET EQUITY	31/12/2012	31/12/2011	CHANGE
Share capital	311,569	298,273	13,296
Share premium reserve	147,730	147,730	0
Total other reserves	**240,938**	**252,347**	**(11,409)**
Legal reserve	10,440	9,003	1,437
Euro conversion reserve	23	23	0
Goodwill reserve	13,736	13,736	0
Reserve for the purchase of treasury shares	(11,276)	(11,276)	0
Cash flow hedge reserve	(27,771)	(15,564)	(12,207)
Cash flow hedge reserve - subsidiaries	(9,331)	(8,323)	(1,008)
Bond issue reserve	29,807	29,793	14
Capital increase reserve	(581)	0	(581)
Fair value reserve	240,127	238,900	1,227
Translation reserve	(4,236)	(3,945)	(291)
Total Group profit	**41,653**	**56,891**	**(15,238)**
Group profit carried forward	30,365	26,834	3,532
Group profit for the period	11,288	30,057	(18,770)
Group net equity	**741,890**	**755,241**	**(13,351)**
Non-controlling interests in capital and reserves	11,812	11,851	(39)
Non-controlling interests in profit (loss)	(136)	(39)	(97)
Group net equity	**11,676**	**11,812**	**(136)**
Consolidated net equity	**753,566**	**767,053**	**(13,487)**

Movements in net equity are detailed in section 5.4.

Most of the movements in reserves were a result of:

- the increase in share capital of €13,296 thousand;
- a decrease for transaction costs relating to the capital increase, net of tax effects, in the amount of €581 thousand;
- the distribution of the 2011 profit of €23,862 thousand;
- a decrease for derivatives accounted for using the cash flow hedge method (-€12,207 thousand for the parent company and -€1,008 thousand for a subsidiary);
- movements in the translation reserve for the translation of foreign currency financial statements, in the amount of -€291 thousand;
- the profit for the year allocable to owners of IGD SIIQ S.p.A. (€11,288 thousand) and the result allocable to non-controlling interests (-€136 thousand);
- adjustment of deferred taxation on the convertible bond (+€14 thousand).

Note 29) Non-current financial liabilities

This item includes the non-current portion of floating-rate loans from banks, amounts due to other sources of finance, and financial liabilities with related parties, as detailed below:

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2012	31/12/2011	CHANGE
Mortgage loans with banks		**545,834**	**610,304**	**(64,470)**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	15,046	16,884	(1,838)
09 Interbanca IGD	25/09/2006 - 05/10/2021	106,140	117,304	(11,164)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	10,189	10,974	(785)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/09/2013	0	68,452	(68,452)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	9,844	10,316	(472)
01 Unipol SARCA	10/04/2007 - 06/04/2027	80,310	83,295	(2,985)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	25,277	26,359	(1,082)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	25,756	27,396	(1,640)
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	14,436	15,846	(1,410)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	43,506	46,314	(2,808)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	30,743	32,462	(1,719)
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	22,853	24,292	(1,439)
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	41,324	43,944	(2,620)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	13,928	14,708	(780)
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	14,183	0	14,183
02 CentroBanca Porta Medicea	01/02/2010 - 15/06/2013	0	10,925	(10,925)
03 BPV Porta Medicea	02/08/2011 - 25/07/2026	9,209	4,250	4,959
18 Cassa Risp Firenze	20/12/2011 - 19/12/2016	39,914	39,892	22
20 Intesa	16/03/2012 - 16/03/2017	26,646	0	26,646
19 Mps	30/12/2010 - 30/11/2014	16,530	16,691	(161)
Convertible bond	**28/06/2007 - 28/12/2013**	**0**	**219,466**	**(219,466)**
Due to other sources of finance		**13,525**	**30,889**	**(17,364)**
Contingent liability for mall and business division		8,081	10,217	(2,136)
Options on equity investments	03/04/2012	0	14,953	(14,953)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,444	5,719	(275)
Total financial liabilities with third parties		**559,359**	**860,659**	**(301,300)**
12 Coopad Faenza IGD LE MAIOLICHE	01/07/2008 - 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:

- new financing contracted with Intesa San Paolo S.p.A., in March 2012, for a total of €30 million. This is a five-year credit line secured by a second mortgage on the properties constituting Le Fonti del Corallo shopping center in Livorno and Crema, indexed to the 3-month Euribor plus 310 bp, for the purpose of reducing short-term debt;
- new financing contracted with Mediocredito Italiano S.p.A. (Intesa Sanpaolo Group) for a total of €18 million. This is a five-year credit line secured by a mortgage on the Via Rizzoli property in Bologna, indexed to the 6-month Euribor plus 365 bp;
- the restatement to current liabilities of the remaining balance on the Guidonia shopping center mortgage loan with Cassa di Risparmio in Bologna, given the possibility that the bank will exercise its contractual right to call up the loan in full by 27 September 2013;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2013 to current financial liabilities, as well as the restatement to current financial liabilities of the CentroBanca loan for the Porta a Mare project (due on 15 June 2013) and the convertible bond loan maturing on 28 December 2013;
- the adjustment of contingent consideration for the final price adjustment on a mall;
- the exercise of a call option with Cooperare S.p.A. on a 20% interest in the subsidiary Porta Medicea S.r.l. in the amount of €15,190 thousand, settled on 3 April 2012.

IGD has also exercised the term out option on the loan with Cassa di Risparmio del Veneto S.p.A. (Intesa Sanpaolo Group), thereby extending the original €30 million mortgage loan until 1 May 2014 at the 6-month Euribor plus 310 bp. During the year IGD renegotiated the terms of the mortgage loan on the Darsena property, held 50% with Beni Stabili S.p.A. SIIQ, and extended its maturity until 30 November 2014.

All mortgage loans are secured by properties.

The average interest rate on adjustable-rate mortgage loans at 31 December 2012 was 2.06%.

The rate on the loan granted by Coop for the shopping center Le Maioliche was 3.77% at the close of the year.

Covenants

NAME PROPERTY	TYPE OF PRODUCT	COUNTER-PARTY	START DATE	END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)
04 BNL Rimini IGD MALATESTA - Rimini	Loan	Banca Nazionale del Lavoro	06/09/06	06/10/16	Straight-line amortization of principal: €1.9mn p.a.; balloon payment: €10mn 'IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.28		
05 BreBanca IGD MONDOVICINO (hypermarket)	Mortgage	Banca Regionale Europea	23/11/06	10/01/23	Amortization with increasing principal			
01 Unipol Larice SARCA (mall + hypermarket)	Mortgage	Unipol Merchant	10/04/07	06/04/27	Straight-line amortization of principal: €3mn p.a.; balloon payment: €40.7mn 'Certified consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2.3	1.52		
12 Coopad Faenza IGD LE MAIOLICHE - Faenza	Mortgage	Coop Adriatica	01/07/08	31/12/19	No amortization of principal; single balloon payment of €15mn			
06 Unipol Lungosavio IGD LUNGO SAVIO - Cesena	Mortgage	Unipol Merchant	31/12/08	31/12/23	Amortization with increasing principal and balloon payment of €3.6mn			
07 Carige Nikefin Asti I BRICCHI - Isola D'Asti (mall)	Mortgage	Banca Carige	31/12/08	31/03/24	Amortization with increasing principal and balloon payment of €9.5mn			
08 Carisbo Guidonia IGD TIBURTINO - Guidonia (mall + hypermarket)	Mortgage	Cassa di Risparmio di Bologna	27/03/09	27/09/13	Straight-line amortization of principal: €4.1mn p.a.; balloon payment: €24mn 'IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.52		
09 Interbanca IGD Iper LUGO - Ravenna, Iper MAESTRALE - Senigallia, Iper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (mall + hyper.), LE PORTE DI NAPOLI - Afragola (mall + hyper.)	Loan	GE Capital	25/09/06	05/10/21	Amortization with increasing principal 'Consolidated financial statements: ratio of net debt (including derivative assets liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.52		
10 Mediocredito Faenza IGD LE MAIOLICHE - Faenza	Loan Contract	Mediocredito banca SPA	05/10/09	30/06/29	'Straight-line amortization of principal: €2.8mn p.a€ Bila'IGD SIIQ S.p.A. financial statements: ratio of external net debt to equity + intercompany loans must not exceed 2.7	1.16		
02 - CentroBanca Porta Medicea Immobile Palazzo Orlando and Piazza Mazzini	Loan	CentroBanca	01/02/10	15/06/13	No amortization of principal; single balloon payment of €11mn			

→

continues Covenants

NAME / PROPERTY	TYPE OF PRODUCT	COUNTER-PARTY	START DATE	END DATE	REPAYMENT / COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)
11 - MedioCreval Catania IGD KATANÈ - Catania (hypermarket)	Loan	Credito Valtellinese	23/12/09	31/03/24	Straight-line amortization of principal: €1.4mn p.a. Consolidated financial statements at 31/12: i) debt/equity ≤ 2.30; ii) loan to value ratio of property ≤ 70%	1.38	40.16%	
14 - MPS Palermo Palermo (mall)	Mortgage	Monte dei Paschi di Siena	21/12/10	30/11/25	Amortization with increasing principal and balloon payment of €6.6mn Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) loan to value ratio for the individual property must not exceed 70%	1.52	51.63%	
15 - CentroBanca Cone mall Conè (mall)	Loan Contract	CentroBanca	22/12/10	31/12/25	Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	1.52		
19 - CC Ipotecario - Tiraggi DARSENA (mall + hypermarket)	Credit facility secured by mortgage	Monte dei Paschi di Siena	30/12/10	30/11/14	Single bullet payment of €16.7mn IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 5	1.28		
13 - CR Veneto Mondovi MONDOVICINO (Retail Park)	Mortgage	Cassa di Risparmio del Veneto	08/10/09	01/05/14	Straight-line amortization of principal: €1.65mn p.a.; balloon payment: €8.55mn Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.52		
16 - CentroBanca Cone Iper Conè (hypermarket)	Loan	CentroBanca	30/06/11	30/06/16	Straight-line amortization of principal: €0.8mn p.a.; balloon payment: €12.4mn Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.52	60.61%	
17 - Carige Palermo IGD Palermo (hypermarket)	Mortgage	Banca Carige	12/07/11	30/06/27	Amortization with increasing principal			
03 - BPV Porta Medicea Porta Medicea	Mortgage	Banca Popolare di Verona	02/08/11	25/07/26	Straight-line amortization of principal: €0.74mn p.a€ Porta Medicea s.r.l.: i) debt/equity ≤ 1.0; ii) equity ≥ €55 mn	0.41	58,380,419	

→

continues Covenants

NAME PROPERTY	TYPE OF PRODUCT	COUNTER-PARTY	START DATE	END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)
18 - CC Ipotecario - Tiraggi 1st mortgage Crema, 1st mortgage Le Fonti del Corallo	Credit facility secured by mortgage	Cassa di Risparmio di Firenze	20/12/11	19/12/16	Gradual reduction of available credit by €20 mn p.a., from 2015 to maturity IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net	1.52	1.80	59.98%
20 - CC Ipotecario - Tiraggi '2nd mortgage Crema, 2nd mortgage Le Fonti del Corallo	Credit facility secured by mortgage	Intesa Sanpaolo	16/03/12	16/03/17	Gradual reduction of available credit by €1.6 mn p.a.; final payment of €22.8 mn IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.52	1.80	59.98%
21 - Rizzoli IGD Immobile Via Rizzoli, Bologna	Loan Contract	Mediocredito banca SPA	06/11/12	30/09/17	Straight-line amortization of principal: €3.6 mn p.a€ Consolidated financial statements: i) Ratio of net debt to equity no higher than 1.60; ii) loan to value ratio no higher than 0.65	1.52	59.98%	

The table below shows the amount of loans directly allocable to investment property at 31 December 2012 and the average maturity:

PROJECT/ASSET	CARRYING VALUE OF ASSET	DIRECT FINANCIAL DEBT	FORM	AVERAGE MATURITY
Investment property	1,754,550	539,455	Mortgage and bullet loans	8.72

→

Note 30) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/2010	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2011
Provision for employee severance indemnities	**612**	**0**	**(82)**	**235**	**31**	**796**

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/2011	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2012
Provision for employee severance indemnities	**796**		**(53)**	**408**	**40**	**1,191**

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	2012	2011
Balance at 1 January	**796**	**612**
Current cost of service	185	172
Financial charges	40	31
Actuarial (gains)/losses	194	32
(benefits paid)	(24)	(51)
Balance at 31 December	**1,191**	**796**

DEMOGRAPHIC ASSUMPTIONS	PERSONNEL
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	2012
Cost of living increase	2.00%
Discount rate	3.20%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

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.

Note 31) General provisions

GENERAL PROVISIONS	31/12/2011	UTILIZATIONS	ALLOCATIONS	31/12/2012
Provision for taxation	355	(147)	274	481
Bonus provision	652	(652)	715	715
Other general provisions	295	(9)	100	386
Provision for Guidonia penalties	84	0	0	84
Total	**1,386**	**(808)**	**1,089**	**1,667**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission. The allocation refers to an IMU/ICI (municipal property tax) dispute.

Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2013 on the basis of the Group's 2012 estimated results. The utilization refers to the payment made in 2012.

Other general provisions
This amount covers liabilities deemed likely to arise from disputes with third parties.

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. There were no utilizations for settlements in 2012.

Note 32) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Deferred income	7,266	7,266	0
Other liabilities	132	59	73
Total	**7,398**	**7,325**	**73**

This item includes deferred income with the City of Livorno for the sale of future goods (€3,816 thousand) and with Porta a Mare S.p.A. for works to be delivered (€3,450 thousand).
Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Parent	**9,322**	**9,322**	**0**
Security deposits from Coop Adriatica	9,322	9,322	0
Related parties	**3,520**	**3,449**	**71**
Security deposits from Ipercoop Tirreno S.p.A.	1,128	1,105	23
Security deposits from Unicoop Tirreno	2,367	2,319	48
Security deposits from Vignale Comunicazione	25	25	0
Total	**12,842**	**12,771**	**71**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law.

Note 33) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2012	31/12/2011	CHANGE
Banca Pop. Emilia Romagna - hot money	27/12/2012 - 28/01/2013	3,500	8,000	(4,500)
Unicredit - hot money	29/10/2012 - 29/01/2013	10,051	10,002	49
Carisbo - hot money	14/12/2012 - 14/01/2013	10,014	10,001	13
Cassa Risparmio PD RO	14/12/2012 - 14/01/2013	10,015	10,000	15
Cassa Risparmio PD RO	23/11/2012 - 10/01/2013	6,520	0	6,520
Unipol Banca - hot money	25/10/2012 - 07/01/2013	13,543	0	13,543
Banca Popolare di Verona - hot money	03/04/2012 - 18/05/2012	0	6,000	(6,000)
BNL - Bologna	12/12/2012 - 12/01/2013	26,000	20,000	6,000
Cassa Risp. Firenze - hot money	22/11/2012 - 10/01/2013	13,042	15,011	(1,969)
Cassa Risp. Firenze - hot money	29/11/2012 - 10/01/2013	2,005	0	2,005
BNL - Bologna	non-revolving	3,700	10,014	(6,314)
Cassa Risparmio del Veneto - hot money	22/11/2012 - 10/01/2013	13,500	20,016	(6,516)
Banca Pop. Emilia Romagna		0	125	(125)
Banca Regionale Europea		6,625	0	6,625
BNL acc. 36400 Livorno		13	0	13
Mps acc. 195923		39,530	36,922	2,608
Total due to banks		**158,058**	**146,091**	**11,967**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,871	1,934	(63)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	858	885	(27)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	473	446	27
09 Interbanca IGD	25/09/2006 - 05/10/2021	11,508	11,537	(29)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/09/2013	68,498	4,146	64,352
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,144	3,435	(291)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,092	1,024	68
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	1,810	1,801	9
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	1,429	1,429	0
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	2,821	2,825	(4)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	1,785	1,782	3
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,439	708	731
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,640	2,644	(4)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	800	802	(2)
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	3,710	0	3,710
02 CentroBanca Porta Medicea	01/02/2010 - 15/06/2013	10,987	0	10,987
03 BPV Porta Medicea	02/08/2011 - 25/07/2026	371	0	371
20 Intesa	16/03/2012 - 16/03/2017	1,600	0	1,600
Total mortgage loans with banks		**116,836**	**35,398**	**81,438**
Hypo Tirol Leasing S.p.A.	01/04/2004 - 01/07/2012	0	1,876	(1,876)
Lease for IGD HQ	30/04/2009 - 30/04/2027	275	266	9
Other financial payables		1,980	750	1,230
Convertible bond	28/06/2007 - 28/12/2013	224,685	66	224,619
Total due to other sources of finance		**226,940**	**2,958**	**223,982**
Total current financial liabilities with third parties		**501,834**	**184,447**	**317,387**
Coop pooled account		21,783	49,469	(27,686)
Coop price adjustment Le Maioliche	21/02/2012	0	1,000	(1,000)
Total related parties		**21,783**	**50,469**	**(28,686)**
Total current financial liabilities with related parties		**21,783**	**50,469**	**(28,686)**

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 current portion of new mortgage loans taken out during the year;
- the restatement to current financial liabilities of the Carisbo loan for the Guidonia shopping center (due on 27 September 2013), the CentroBanca loan for the Porta a Mare project (due on 15 June 2013), and the convertible bond loan maturing on 28 December 2013.

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%.
Due to the increase in share capital excluding subscription rights carried out in accordance with the extraordinary general meeting resolution of 19 April 2012, the conversion price of the bond loan has been adjusted, pursuant to Art. 6(vi) of the Bond Regulations, from €2.75 to €2.7257 with effect from the date on which the new shares are issued. Therefore, the maximum amount of the capital increase used to service the convertible bonds has been adjusted to €82,469,643.61 (recalculated in accordance with the accounting par value given by the figures stated in Art. 6.1 of the by-laws), to be raised in one or more installments through the issue of up to 84,381,994 ordinary shares.
Financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of the liability assumed for the acquisition of a business at Centro Sarca, the price adjustment for the sale of an equity investment as mentioned in Note 8), and the current portion of outstanding mortgage loans, including interest accrued.
During the first half of 2012, IGD exercised the lease purchase option relative to the shopping center in Rovereto provided for in the two leases held with Hypo Tirol Leasing S.p.A.

Current financial liabilities with related parties include the balance of the pooled account with Coop Adriatica, which went from €49,469 thousand at 31 December 2011 to 21,783 thousand, charging 3.963% interest at the close of 2012.

Note 34) Net financial position

The table below presents the net financial position at 31 December 2012 and 31 December 2011. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute financial assets or liabilities.
Credit lines with banks amount to €273.5 million, of which €93.83 million was unutilized at the close of the year.
See the section "Statement of financial position and financial review" for comments.

NET FINANCIAL POSITION	31/12/2012	31/12/2011
Cash and cash equivalents	(7,545)	(14,433)
Financial receivables and other current financial assets w. related parties	(734)	(1,426)
Financial receivables and other current financial assets	(41)	(278)
LIQUIDITY	**(8,320)**	**(16,137)**
Current financial liabilities w. related parties	21,783	50,469
Current financial liabilities	160,038	146,841
Mortgage loans - current portion	116,836	35,398
Leasing - current portion	275	2,142
Convertible bond loan - current portion	224,685	66
CURRENT DEBT	**523,617**	**234,916**
CURRENT NET DEBT	**515,297**	**218,778**
Non-current financial assets	(25)	(41)
Non-current financial liabilities due to other sources of finance	8,081	25,170
Leasing - non-current portion	5,444	5,719
Non-current financial liabilities	545,834	610,304
Non-current financial liabilities w. related parties	15,000	15,000
Convertible bond loan	0	219,466
NON-CURRENT NET DEBT	**574,334**	**875,618**
NET FINANCIAL POSITION	**1,089,631**	**1,094,397**

Note 35) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2012	31/12/2011	CHANGE
Trade payables	8,287	11,215	(2,928)

Most of the change is due to the payment of suppliers for construction and contract work on the investments in Ravenna (restyling of the ESP shopping center) and Porta a Mare.

Note 36) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2012	31/12/2011	CHANGE
Parent	4,144	1,855	2,289
Other related parties:	**215**	**788**	**(573)**
Consorzio Lame	38	58	(20)
Consorzio La Torre - PA	40	114	(74)
Consorzio Conè	0	60	(60)
Consorzio Forte di Brondolo	31	317	(286)
Consorzio Katanè	82	27	55
Consorzio Proprietari Leonardo	9	10	(1)
Consorzio I Bricchi	0	201	(201)
Consorzio Crema	15	0	15
Librerie Coop	0	1	(1)
Total related parties	**4,359**	**2,643**	**1,716**

See Note 40 for comments.

Note 37) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2012	31/12/2011	CHANGE
IRPEF incl. regional and municipal surtax	485	470	15
IRAP	22	47	(25)
IRES	227	201	26
VAT	92	158	(66)
City of Ferrara (concession)	0	252	(252)
Other taxes	10	17	(7)
Substitute tax for SIIQ status	0	6,724	(6,724)
Total current tax liabilities	**836**	**7,869**	**(7,033)**

The change in this item is due mainly to the final payment, made in June 2012, of the substitute tax that was generated when IGD opted for SIIQ status (€6,159 thousand plus interest).

It consists chiefly of employee withholding tax and current taxes due by companies not participating in the tax consolidation.

Note 38) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Social security	342	329	13
Accrued liabilities and deferred income	750	923	(173)
Insurance	16	22	(6)
Due to employees	667	706	(39)
Security deposits	3,095	2,839	256
Unclaimed dividends	1	1	0
Advances received, due within one year	1,882	920	962
Other liabilities	193	242	(49)
Total other liabilities	**6,946**	**5,982**	**964**

The increase in this item is due mainly to the receipt of advance payments under the preliminary sale agreements for property units in Livorno.
Related party payables are shown below:

RELATED PARTY OTHER CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Other payables	14	18	(4)
Total other liabilities with related parties	**14**	**18**	**(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 2012, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 19 April 2012 (the AGM that approved the 2011 financial statements), a dividend of €0.08 was paid for each of the 298,272,669 shares outstanding, for a total of €23,861,814.

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 LIABILITIES	FINANCIAL PAYABLES	OTHER NON -CURRENT ASSETS	FIXED ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica scarl	52	22	4,144	9,322	36,783	3,689	136	0
Robintur spa	1	0	0	0	0	0	0	0
Librerie.Coop spa	14	0	0	0	0	0	0	0
Unicoop Tirreno scarl	51	0	14	2,367	0	0	0	10
Vignale Comunicazione srl	55	0	0	25	0	0	0	0
Ipercoop Tirreno spa	0	0	0	1,128	0	0	0	0
Ipercoop Sicilia	24	0	0	0	0	0	0	0
Viaggia con noi	4	0	0	0	0	0	0	0
Cons.Forte di Brondolo	2	0	31	0	0	0	198	0
Cons. Proprietari Leonardo	1	0	9	0	0	0	11	0
Consorzio Bricchi	1	0	0	0	0	0	0	0
Consorzio Lame	1	0	38	0	0	0	97	0
Consorzio Katanè	119	0	82	0	0	0	0	0
Consorzio Conegliano	1	0	0	0	0	0	0	0
Consorzio Palermo	164	0	40	0	0	0	0	0
Consorzio Crema	31	0	15	0	0	0	41	0
Consorzio Sarca	10	0	0	0	0	0	0	0
Iniziative Bologna Nord	0	712	0	0	0	0	0	0
Total	**531**	**734**	**4,373**	**12,842**	**36,783**	**3,689**	**483**	**10**
Amount reported	**96,155**	**775**	**19,606**	**20,240**	**1,097,976**	**33,587**		
Total increase/ decrease for the year							**13,805**	**30**
% of total	**0.55%**	**94.71%**	**22.31%**	**63.45%**	**3.35%**	**10.98%**	**3.50%**	**33.33%**

RELATED PARTY DISCLOSURE	REVENUES - OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica scarl	22,848	0	2,229	2,165
Robintur spa	253	0	19	0
Librerie.Coop spa	638	0	0	0
Unicoop Tirreno scarl	5,384	0	102	0
Vignale Comunicazione srl	468	0	0	0
Ipercoop Tirreno spa	2,134	0	0	72
Ipercoop Sicilia	4,580	0	0	0
Viaggia con noi	3	0	0	0
Cons.Forte di Brondolo	0	0	0	0
Cons. Proprietari Leonardo	222	0	12	0
Consorzio Bricchi	109	0	636	0
Consorzio Lame	174	0	3	0
Consorzio Katanè	195	0	174	0
Consorzio Conegliano	159	0	163	0
Consorzio Palermo	190	0	129	0
Consorzio Crema	99	0	2	0
Consorzio Sarca	225	0	0	0
Iniziative Bologna Nord	0	9	0	0
Total	**37,680**	**9**	**3,470**	**2,237**
Amount reported	**123,257**	**554**	**43,492**	**48,124**
% of total	**30.57%**	**1.71%**	**7.98%**	**4.65%**

IGD SIIQ S.p.A. has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Librerie Coop S.p.A. and Viaggia Con Noi S.r.l.), with various companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted at arm's length 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;
- an outstanding loan.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. 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 part of the third floor of the building that houses IGD SIIQ's head office.
Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets.
Transactions with Unicoop Tirreno and 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 two rental agreements with Vignale Comunicazione, for the malls in Mondovì and Asti. Both of these run from 1 January 2012 to 31 December 2014.
Transactions with Consorzio Forte di Brondolo, in liquidation since 8 February 2012, concern payables and costs for construction work on the land in Chioggia.
Transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Consorzio Crema, Consorzio Sarca, and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Consorzio Crema and Consorzio Bricchi refer to service charges for vacant units.

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 68.08% 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 €551 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 30.57% 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.
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 net debt/equity ratio at 1.5% or below (the ratio at 31 December 2012 was 1.38%, unchanged since the previous year).
2. keeping the loan-to-value ratio under 60% (it was 57.15% at the close of the year).

Note 42) Derivative instruments

The IGD Group 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	31/12/2012	31/12/2011	CHANGE	LEVEL
Derivative assets	150	202	(52)	2
Derivative liabilities	(54,125)	(34,773)	(19,352)	2
IRS effetto netto	**(53,975)**	**(34,571)**	**(19,404)**	

CONTRACT DETAILS	MONTE PASCHI FINANCE 4	ALETTI INTERBANK	BNP INTERBANK	MPS 10198433 (NOW BANCA CRF)	MPS 10201705 (NOW BANCA CRF)	CARISBO 902160165	CARISBO 910270202	BNP PARIBAS
Nominal amount	16,923,077	19,756,838	19,756,838	19,756,838	19,756,838	10,974,090	19,756,838	83,500,000
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%

CONTRACT DETAILS	MPS 87065 (NOW BANCA CRF)	ALETTI ASTI	ALETTI GUIDONIA	CARISBO 100540011	CARISBO 1004290251	MPS 92285	MPS GUIDONIA
Nominal amount	19,756,838	7,943,113	17,180,250	10,590,817	10,339,874	7,943,113	17,180,250
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%

CONTRACT DETAILS	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	17,180,250	17,180,250	16,071,429	27,525,000	22,110,000	8,844,000	13,266,000	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 2012 the Group had the following purchase commitments:

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 IGD Management) 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 insolvency of the Mascellani Group—which has proposed separate creditor composition plans for nearly every company in the Group—the following steps have been taken:

- regarding recovery of the rent due on the building leased to Magazzini Darsena:
  - **i.** Beni Stabili (now RGD), in the interests of both shareholders, has acted to enforce the rental guarantee on that property in the amount of €3,640 thousand. 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 against a challenge to the lower court's ruling and a request to suspend the provisional enforcement of the payment order. On 13 February 2012, Magazzini Darsena announced a new appeal process. Beni Stabili appeared promptly in court and filed a response on 27 July 2012, asking for the rejection of Magazzini Darsena's appeal, confirmation of the first-instance ruling and reimbursement of legal expenses.
  - **ii.** The Court of Ferrara is addressing two additional complaints filed in March 2011 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 SIIQ. The first ruling, in June 2012, was favorable: Magazzini Darsena was ordered to pay Beni Stabili the rent accrued from the second quarter of 2010 until 4 April 2012 in the amount of €5,229,122.72 plus VAT, interest and taxes; the second ruling against Darsena F.M. S.r.l. has been postponed in order to quantify the sublease rent not paid.
  - **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, which was confirmed by the Court of Ferrara. The seizure has been carried out on all of the debtors' receivables, movable property and real estate.
  - **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 decision is currently pending.

IGD SIIQ S.p.A. and Beni Stabili, given the ongoing insolvency of the sellers Magazzini Darsena and Darsena F.M., petitioned the bankruptcy section of the Court of Ferrara (each with respect to its own credit positions) to declare the bankruptcy of Magazzini Darsena S.p.A. and Darsena F.M. This was ruled to be impossible as the companies had already filed their requests for composition with creditors. Subsequently, on 15 May 2012, the Court of Ferrara declared that the composition proceedings were now in course for both companies, Darsena F.M. and Magazzini Darsena, and set the date of the creditors' meeting. At the session of 26 June, the bankruptcy judge did not open the creditors' meeting and postponed it for technical reasons until the session of 18 September 2012 pursuant to Decree Law 74/2012 (provisions concerning the earthquake in Emilia), at which time it was postponed automatically until 22 January 2013 and then to 9 July 2013.

- regarding the preliminary and definitive contracts left with RGD, due in part to the dissolution of the JV:

v. 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 center and 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 the late delivery of "portion B" of the shopping center. The board of arbitration met on 13 December 2011 and the original deadline for filing their judgment was 12 November 2012, subsequently extended to 15 May 2013 in consideration of the expert opinion requested to ascertain whether portion "B" had been completed.

- regarding the price adjustment clause of the Darsena City contract:

  On 16 May 2012, RGD (now Beni Stabili SIIQ S.p.A.) called on the bank guarantee of €2,500 thousand issued by Unicredit to ensure that Magazzini Darsena would pay back any price adjustment due on the basis of the shopping center's profitability. Magazzini Darsena responded by filing a petition pursuant to Art. 700 of the Code of Civil Procedure, to prevent Unicredit from paying the guarantee in favor of Beni Stabili SIIQ S.p.A. Although the injunction was provisionally granted ex parte, after Beni Stabili SIIQ S.p.A. made its appearance, the Court of Verona revoked the injunction and rejected Magazzini Darsena's petition on 3 August 2012. Magazzini Darsena protested that decision. On 22 November 2012, the judge formally rejected Magazzini Darsena's protest and ordered it to pay the guarantee in full and to reimburse all legal expenses.

In 2012 IGD SIIQ was also summoned to court by Magazzini Darsena and Darsena FM regarding the management agreement of Darsena City shopping center. IGD SIIQ appeared in court and filed a statement and related pleadings; the dispute is currently pending. Because IGD SIIQ's legal advisors believe that the plaintiff's claims are not supported by sufficient evidence or legal grounds, the Company has recognized no liability in this regard.

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 €645 thousand.

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 2012 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 items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2012 and 31 December 2011:

CLASSIFICATION 31/12/2012	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			304					304		304	304
- down payment for purchase of shares			0					0		0	0
- due from others			-0					-0		-0	
- security deposit			57					57		57	57
- beneficial interest			3,767					3,767		3,767	3,767
Financial assets								**0**			
Trade and other receivables								**0**			
- trade receivables			14,441					14,441	14,441		14,441
- due from others								0			
- other receivables								0			
- advances paid to suppliers								0			
Related party trade and other receivables								**0**			
- parent			52					52	52		52
- other related parties			479					479	479		479
Other assets								**0**	**0**		
- monthly advances			8					8	8		8
- due from insurer			0					0	0		0
- accrued income and prepayments			421					421	421		421
- deferred costs			251					251	251		251
- other			250					250	250		250
Financial assets for Interest rate swaps							**150**	**150**		**150**	**150**
Financial receivables and other financial assets								**0**			
- other financial assets			41					41	41		41
- parent			0					0	0		0
- other related parties			734					734	734		734
Cash and cash equivalents								**0**	**0**		
- cash and cash equivalents at banks, financial institutions and post offices			7,377					7,377	7,377		7,377
- cash on hand			168					168	168		168
Total financial assets	**-**	**-**	**28,349**	**-**	**-**	**-**	**150**	**28,499**	**24,222**	**4,277**	**28,499**
LIABILITIES											
Financial liabilities								**0**			
- financial liabilities for interest rate swaps							54,125	54,125		54,125	54,125
- due to banks						158,058		158,058	158,058		158,058
- Leasing						5,719		5,719	275	5,444	4,998
- convertible bond						224,685		224,685	224,685		223,413
- due to other sources of finance						10,061		10,061	1,980	8,081	10,061
- valuation of equity investments								0			0
- mortgage loans with banks						662,670		662,670	116,836	545,834	614,954
Related party financial liabilities								**0**			**0**
- to parent						36,783		36,783	21,783	15,000	36,783
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						132		132		132	132
Related party sundry payables and other liabilities								**0**			**0**
- parent						9,322		9,322		9,322	9,322
- related parties						3,520		3,520		3,520	3,520
Trade and other payables						**8,287**		**8,287**	**8,287**		**8,287**
Related party trade and other payables								**0**			**0**
- parent						4,144		4,144	4,144		4,144
- related parties						215		215	215		215
Other liabilities								**0**			**0**
- accrued liabilities and deferred income						750		750	750		750
- deferred revenue						0		0	0		0
- insurance						16		16	16		16
- security deposit received						3,095		3,095	3,095		3,095
- unclaimed dividends						1		1	1		1
- due to directors								0			0
- advances due within one year						1,882		1,882	1,882		1,882
- other liabilities						193		193	193		193
Related party other liabilities						**14**		**14**	**14**		**14**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**1,136,813**	**54,125**	**1,190,938**	**542,214**	**648,724**	**1,141,229**

CLASSIFICATION 31/12/2011	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			212					212		212	212
- down payment for purchase of shares			0					0			0
- due from others											
- security deposit			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 insurer			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
- derred revenue						0		0	0		0
- insurance						22		22	22		22
- security deposit 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**

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 2012 a credit spread of 3.50% was applied (unchanged since the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

COLLATERAL GIVEN	CARRYING VALUE	
	31/12/2012	31/12/2011
Security deposits		
- Sundry receivables and other assets	57	53
- Other current assets	0	0

The following table shows the impairment of trade receivables:

IMPAIRMENT	IMPAIRMENT OF TRADE RECEIVABLES	
	31/12/2012	31/12/2011
Opening balance	**9,189**	5,460
Allocations		
- for individual writedowns	4,071	3,775
Utilizations	**-578**	**-25**
Impairment reversals		
Other movements	**-39**	**-21**
Total	**12,643**	**9,189**

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 -€12,207 thousand in 2012 and to -€12,427 thousand in 2011. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to a separate CFH reserve under equity (net of the tax effects), amounted to -€1,008 thousand in 2012 and -€1,716 thousand the previous year.

	CARRYING VALUE						
INCOME STATEMENT 31/12/2012 NET GAIN (LOSS)	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							-12,053
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			-4,071				
Total			**-4,071**				**-12,053**

	CARRYING VALUE						
INCOME STATEMENT 31/12/2011 NET GAIN (LOSS)	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**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	31/12/2012	31/12/2011
Interest income on financial assets not measured at fair value		
- Deposits	162	285
- Sundry receivables and other assets		83
- From parent		9
- From affiliates	9	18

INTEREST EXPENSE	31/12/12	31/12/11
Interest expense on financial assets not measured at fair value		
- Security deposits	305	177
- Deposits	4,609	3,292
- Trade and other payables		
- Sundry payables and other liabilities	800	1,662
- To parent	1,932	970
- To affiliates		
- Financial liabilities		
- Mortgage loans	14,779	16,112
- Leasing	149	235
- Convertible bond	13,204	12,874
- Interest capitalized		

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 in the statement of financial position 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	31/12/2012	31/12/2011
Receivables and loans		
Sundry receivables and other assets	4,127	2,172
Financial assets		
Trade and other receivables	14,441	13,101
Related party trade and other receivables	531	983
Other assets	922	1,127
Cash and cash equivalents	7,377	14,313
Financial receivables and other financial assets	775	1,704
Hedging instruments	**150**	**202**
Guarantees		
Total	**28,323**	**33,601**

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 DECEMBER 2012 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Trade and other payables								
Mortgage loans	4,917	7,516	25,011	26,824	70,723	244,493	433,758	813,242
Leasing	31	63	94	189	386	1,264	5,259	7,285
Convertible bond	0	0	4,025	234,025	0	0	0	238,050
Due to other sources of finance	0	0	0	0	0	0	0	0
Short-term credit lines	158,260							158,260
Other liabilities	0	0	0	0	0	0	0	0
Related party payables	21,173							21,173
Sureties	0	0	0	0	0	0	0	0
Commitments and risks	0	0	0	0	0	0	0	0
Total	**184,382**	**7,578**	**29,130**	**261,038**	**71,109**	**245,756**	**439,017**	**1,238,010**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	2,144	1,119	3,643	6,852	12,530	23,700	4,046	54,034
Total	**2,144**	**1,119**	**3,643**	**6,852**	**12,530**	**23,700**	**4,046**	**54,034**
EXPOSURE AT 31 DECEMBER 2012	186,525	8,697	32,773	267,890	83,639	269,457	443,062	1,292,044

MATURITY ANALYSIS AT 31 DECEMBER 2011 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 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			4,025	4,025	238,050			246,100
Due to other sources of finance								
Short-term credit lines	135,728	10,067						145,795
Other liabilities								
Related party payables	48,883							48,883
Sureties								
Commitments and risks								
Total	**190,419**	**14,833**	**18,705**	**43,636**	**282,486**	**206,731**	**444,851**	**1,201,661**
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 DECEMBER 2011	191,835	15,408	21,425	49,037	293,005	224,444	444,704	1,239,858

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	
		31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Interest-bearing assets	Euribor	108	232	-11	-116				
Hot money	Euribor	-1,579	-1,455	158	728				
Financial liabilities	Euribor	-6,863	-6,475	686	3,237				
Derivatives	Euribor								
- cash flow		4,633	4,619	-463	-2,309				
- *fair value*						24,307	27,082	-2,543	-10,921
Total		**-3,700**	**-3,078**	**370**	**1,539**	**24,307**	**27,082**	**-2,543**	**-10,921**

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/-10 basis points (+100/-50 basis points the previous year);
- 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 2012 and 2011.
The method used to analyze and determine significant variables has not changed since the previous year.

5.7 Management and coordination

IGD SIIQ S.p.A. 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	2011	2010
BALANCE SHEET (per Civil Code Art. 2424)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,563,162,430	1,560,130,738
C) - CURRENT ASSETS	2,053,840,567	2,016,052,780
D) - ACCRUED INCOME AND PREPAYMENTS	12,377,363	10,628,784
TOTAL ASSETS	**3,629,380,359**	**3,586,812,302**
EQUITY AND LIABILITIES		
A) - NET EQUITY	882,877,432	866,010,272
B) - GENERAL PROVISIONS	19,921,115	25,928,171
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	72,162,068	73,604,452
D) - PAYABLES	2,849,920,990	2,616,858,385
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	4,498,753	4,411,021
TOTAL EQUITY AND LIABILITIES	**3,829,380,359**	**3,586,812,301**
MEMORANDUM ACCOUNTS	**562,488,288**	**417,408,114**
INCOME STATEMENT (per Civil Code Art. 2425)		
A) - PRODUCTION VALUE	2,116,251,844	2,044,327,882
B) - PRODUCTION COSTS	-2,125,357,303	-2,046,447,674
C) - FINANCIAL INCOME AND CHARGES	67,090,675	52,127,423
D) - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-33,815,180	-27,480,172
E) - EXTRAORDINARY INCOME AND CHARGES	5,494,669	23,201,972
INCOME TAXES	-13,721,587	-18,087,017
NET PROFIT	**15,943,118**	**27,642,414**

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 2012.

NAME	REGISTERED OFFICE	COUNTRY	HELD BY	% HELD DIRECTLY	% HELD INDIRECTLY	TOTAL % HELD
IGD Management 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%
IGD Property SIINQ S.p.A.	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	IGD Management s.r.l.		80.00%	80.00%
Win Magazin S.A.	Bucarest	Romania	IGD Management 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	Italia	Millennium Gallery s.r.l		35.40%	35.40%
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo 67	Italia	IGD Management 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 Consob's Regulations for Issuers, shows the fees pertaining to 2012 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.	116
	Reconta Ernst & Young S.p.A.	Subsidiaries IGD Management S.r.l., Millennium Gallery S.r.l., Porta Medicea S.r.l.	35
	Ernst & Young S.r.l.	Società controllate Romania	33
Opinion on share capital increase	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	103
Other services	Ernst & Young Financial - Business Advisors S.p.A.	IGD SIIQ S.p.A.	63
TOTAL			**350**

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 2012.

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, 28 February 2013

Claudio Albertini	*Grazia Margherita Piolanti*
Chief Executive Officer	Financial Reporting Officer
	Piolanti Grazia Margherita

5.11 External Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

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 2012 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 23 March 2012.
3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at 31 December 2012 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. 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 consolidated financial statements of the IGD SIIQ S.p.A. Group, does not cover such selected data.

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

ERNST & YOUNG

5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Director's Report and the Report on Corporate Governance and the Ownership Structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented 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) in the Report on Corporate Governance and the Company's Ownership Structure, 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 Report on Operations and the information presented 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) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the consolidated financial statements of IGD SIIQ S.p.A. Group at 31 December 2012.

Bologna, Italy
25 March 2013

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.

FONTI DEL CORALLO SHOPPING CENTER

Livorno

Opening 2003

Mall GLA sq.m 22,637

Food anchor GLA sq.m 15,371

3,786,332 visitors in 2012

IGD SIIQ S.p.A.
Separate Financial Statements at 31/12/2012

06

CHAPTER CONTENTS

6.1 Income statement

INCOME STATEMENT (in Eur)	Note	31/12/2012 (A)	31/12/2011 (B)	CHANGE (A-B)
Revenue:	1	**89,371,465**	**87,104,192**	**2,267,273**
- from third parties		50,332,436	51,366,793	(1,034,357)
- from related parties		39,039,029	35,737,399	3,301,630
Other income:	2	**589,001**	**574,703**	**14,298**
- from third parties		161,436	147,185	14,251
- from related parties		427,565	427,518	47
Total revenue and operating income		**89,960,466**	**87,678,895**	**2,281,571**
Service costs	3	9,911,125	8,974,272	936,853
- third parties		6,442,829	5,503,637	939,192
- related parties		3,468,296	3,470,635	(2,339)
Cost of labor	4	4,452,931	4,121,646	331,285
Other operating costs	5	6,746,138	4,217,161	2,528,977
Total operating costs		**21,110,194**	**17,313,079**	**3,797,115**
(Depreciation, amortization and provisions)	6	(2,136,728)	(1,658,331)	(478,397)
(Impairment losses)/reversals on work in progress	6	(1,210,894)	27,689	(1,238,583)
Fair value changes	6	(22,306,162)	(6,155,893)	(16,150,269)
Total depreciation, amortization, provisions, impairment and fair value changes		**(25,653,784)**	**(7,786,535)**	**(17,867,249)**
EBIT		**43,196,488**	**62,579,281**	**(19,382,793)**
Income/(loss) from equity investments	7	**6,000**	**5,727**	**273**
Income/(loss) from equity investments		6,000	5,727	273
Financial income	8	**585,208**	**984,587**	**(399,379)**
- third parties		66,493	344,994	(278,501)
- related parties		518,715	639,593	(120,878)
Financial charges	8	**40,319,126**	**36,119,717**	**4,199,409**
- third parties		38,906,349	35,085,313	3,821,036
- related parties		1,412,777	1,034,404	378,373
Net financial income (charges)		**(39,733,918)**	**(35,135,130)**	**(4,598,788)**
PRE-TAX PROFIT		**3,468,570**	**27,449,878**	**(23,981,308)**
Income taxes	9	(7,057,759)	(2,517,648)	(4,540,111)
NET PROFIT		**10,526,329**	**29,967,526**	**(19,441,197)**

6.2 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (in Eur)	31/12/2012	31/12/2011
Profit for the year	**10,526,329**	**29,967,526**
Other comprehensive income		
Impact of hedge derivatives on equity	(16,836,194)	(17,140,655)
Tax effect of hedge derivatives on equity	4,629,953	4,713,680
Other effects on income statement components	(565,939)	93,588
Other comprehensive income, net of tax effects	**(12,772,180)**	**(12,333,387)**
Total comprehensive income	**(2,245,851)**	**17,634,139**

6.3 Statement of financial position

SITUAZIONE PATRIMONIALE - FINANZIARIA (in Eur)	Note	31/12/2012 (A)	31/12/2011 (B)	CHANGE (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
- Intangible assets with finite useful lives	10	61,645	34,400	27,245
- Goodwill	11	64,828	64,828	0
		126,473	**99,228**	**27,245**
Property, plant, and equipment				
- Investment property	13	1,426,655,000	1,446,945,000	(20,290,000)
- Buildings	12	9,348,508	9,592,014	(243,506)
- Plant and machinery	14	266,311	59,935	206,376
- Equipment and other assets	14	1,329,150	1,607,763	(278,613)
- Leasehold improvements	14	3,777	7,554	(3,777)
- Assets under construction	15	58,628,646	50,185,824	8,442,822
		1,496,231,392	**1,508,398,090**	**(12,166,698)**
Other non-current assets				
- Deferred tax assets	16	25,025,450	16,466,404	8,559,046
- Sundry receivables and other non-current assets	17	3,806,392	1,939,561	1,866,831
Equity investments	18	185,454,524	184,802,048	652,476
Derivative assets	40	149,898	201,843	(51,945)
		214,436,264	203,409,856	11,026,408
TOTAL NON-CURRENT ASSETS (A)		**1,710,794,129**	**1,711,907,174**	**(1,113,045)**
CURRENT ASSETS:				
Trade and other receivables	19	9,563,318	8,315,030	1,248,288
Related party trade and other receivables	20	251,566	349,552	(97,986)
Other current assets	21	1,301,113	6,737,255	(5,436,142)
Related party other current assets	22	339,955	473,898	(133,943)
Financial receivables and other current financial assets w. related parties	23	16,439,510	17,034,187	(594,677)
Financial receivables and other current financial assets	23	21,425	277,819	(256,394)
Cash and cash equivalents	24	3,278,922	2,846,961	431,961
TOTAL CURRENT ASSETS (B)		**31,195,809**	**36,034,702**	**(4,838,893)**
TOTAL ASSETS (A + B)		**1,741,989,938**	**1,747,941,876**	**(5,951,938)**
Share capital		311,569,323	298,272,669	13,296,654
Share premium reserve		147,730,288	147,730,288	0
Other reserves		254,505,055	264,613,326	(10,108,271)
Profits		23,695,055	39,694,374	(15,999,319)
TOTAL NET EQUITY (C)	25	**737,499,721**	**750,310,657**	**(12,810,936)**
NON-CURRENT LIABILITIES:				
Derivative liabilities	40	40,442,792	22,711,645	17,731,147
Non-current financial liabilities	26	467,716,364	743,861,058	(276,144,694)
Related party non-current financial liabilities	26	15,000,200	15,000,200	0
Provision for employee severance indemnities	27	756,511	513,718	242,793
Deferred tax liabilities	16	16,801,875	19,818,687	(3,016,812)
General provisions	28	1,362,549	1,138,545	224,004
Sundry payables and other non-current liabilities	29	10,713	10,713	0
Related party sundry payables and other non-current liabilities	29	12,842,278	12,770,665	71,613
TOTAL NON-CURRENT LIABILITIES (D)		**554,933,282**	**815,825,231**	**(260,891,949)**
CURRENT LIABILITIES:				
Current financial liabilities	30	438,062,350	138,353,893	299,708,457
Current financial liabilities w. related parties	30	207,819	25,389,539	(25,181,720)
Trade and other payables	32	3,408,166	4,915,849	(1,507,683)
Related party trade and other payables	33	4,369,975	2,656,717	1,713,258
Current tax liabilities	34	334,497	7,292,422	(6,957,925)
Other current liabilities	35	2,923,708	2,948,787	(25,079)
Related party other current liabilities	36	250,420	248,781	1,639
TOTAL CURRENT LIABILITIES (E)		**449,556,935**	**181,805,988**	**267,750,947**
TOTAL LIABILITIES (F = D + E)		**1,004,490,217**	**997,631,219**	**6,858,998**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**1,741,989,938**	**1,747,941,876**	**(5,951,938)**

6.4 Statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFIT	NET EQUITY
Balance at 01/01/2011	**298,272,669**	**147,730,288**	**270,419,073**	**38,624,593**	**755,046,623**
Profit for the year				29,967,526	29,967,526
Cash flow hedges			(12,426,975)		(12,426,975)
Other comprehensive income (losses)			93,588		93,588
Total comprehensive income (losses)			**(12,333,387)**	**29,967,526**	**17,634,139**
Other effects				347	347
Allocation of 2010 profit					
- dividends				(22,370,451)	(22,370,451)
- to legal reserve			1,385,104	(1,385,104)	0
- to other reserves			5,142,536	(5,142,536)	0
Balance at 31/12/2011	**298,272,669**	**147,730,288**	**264,613,326**	**39,694,374**	**750,310,657**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFIT	NET EQUITY
Balance at 01/01/2012	**298,272,669**	**147,730,288**	**264,613,326**	**39,694,375**	**750,310,657**
Profit for the year				10,526,329	10,526,329
Cash flow hedges			(12,206,241)		(12,206,241)
Other comprehensive income (losses)			(565,939)		(565,939)
Total comprehensive income (losses)			**(12,772,180)**	**10,526,329**	**(2,245,851)**
Other effects				75	75
Allocation of 2011 profit					
- dividends				(23,861,814)	(23,861,814)
- capital increase	13,296,654				13,296,654
- to legal reserve			1,437,032	(1,437,032)	0
- to other reserves			1,226,877	(1,226,877)	0
Balance at 31/12/ 2012	**311,569,323**	**147,730,288**	**254,505,055**	**23,695,055**	**737,499,721**

6.5 Statement of cash flows

STATEMENT OF CASH FLOWS (In Eur)	31/12/2012	31/12/2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**3,468,570**	**27,449,878**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	7,972,052	6,492,353
(Depreciation, amortization and provisions)	2,136,728	1,658,331
(Impairment losses)/reversals on work in progress and goodwill	1,210,894	(27,689)
(Impairment losses on work in progress inventory)	0	0
Fair value changes	22,306,162	6,155,893
Income (loss) from equity investments	0	1,273
CASH FLOW FROM OPERATING ACTIVITIES	**37,094,406**	**41,730,039**
Current taxes	154,380	625,881
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**37,248,786**	**42,355,920**
Change in inventories	0	0
Net change in current assets and liabilities with third parties	(7,285,276)	14,095,159
Net change in current assets and liabilities with related parties	1,923,122	(950,828)
Net change in non-current assets and liabilities with third parties	(1,733,534)	(4,301,509)
Net change in non-current assets and liabilities with related parties	71,613	832,967
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**30,224,711**	**52,031,709**
(Investments) in fixed assets	(13,363,892)	(112,066,046)
Disposals of fixed assets	12,720	0
Disposals of equity investments		
(Investments) in equity investments	(257,476)	0
CASH FLOW FROM INVESTING ACTIVITIES	**(13,608,648)**	**(112,066,046)**
Change in non-current financial assets	0	0
Change in financial receivables and other current financial assets with third parties	256,394	5,723,666
Change in related party financial receivables and other current financial assets	594,677	2,198,226
Dividend reinvestment option	12,711,893	0
Distribution of dividends	(23,861,814)	(22,370,451)
Change in current debt with third parties	299,708,638	14,877,649
Change in current debt with related parties	(25,181,720)	21,539,993
Change in non-current debt with third parties	(280,412,170)	18,011,615
Change in non-current debt with related parties	0	0
CASH FLOW FROM FINANCING ACTIVITIES	**(16,184,102)**	**39,980,698**
NET INCREASE (DECREASE) IN CASH BALANCE	**431,961**	**(20,053,639)**
CASH BALANCE AT BEGINNING OF YEAR	**2,846,961**	**22,900,600**
CASH BALANCE AT END OF YEAR	**3,278,922**	**2,846,961**

6.6 Notes to the separate 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 SIIQ S.p.A. at 31 December 2012 were approved and authorized for publication by the Board of Directors on 28 February 2013.

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 separate financial statements for 2012 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, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. 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).

Reporting formats

The items in the statement of financial position have been classified as current or non-current, and those in the income statement by type.

The statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.

The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.

The statement of cash flows is prepared using the indirect method, adjusting the profit for non-cash items.

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 2011, with the exception of the following new standards and interpretations applicable from 1 January 2012.

IFRS 7 Financial Instruments - Disclosures

The amendment was issued to 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. The adoption of these changes has not affected the Company's financial position or performance.

IAS 12 Income Taxes - Recovery of Underlying Assets

On 20 December 2010, the IASB issued an amendment to IAS 12 – *Income Taxes* that clarifies the calculation of deferred taxes on investment property measured fair value. It establishes a presumption that deferred taxes on investment property measured at fair value according to IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. As a result of this amendment, SIC 21 – *Income Taxes: Recovery of Revalued Non-depreciable Assets* will no longer be applicable. The amendment must be applied retrospectively from 1 January 2012. The adoption of these changes has not affected the Company's financial position or performance.

IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The IASB has supplied guidelines on how an entity should resume presenting IFRS-compliant financial statements when its functional currency is no longer hyperinflationary. The amendment is effective for annual periods beginning on or after 1 July 2011. This change has had no impact on the Company.

Accounting standards, amendments, and interpretations effective from 1 January 2013 or thereafter and not applied in advance by the Company

On 16 June 2011, the IASB issued an amendment to IAS 1 - *Presentation of Financial Statements,* requiring entities to group all items of other comprehensive income according to whether they might or might not be reclassified to profit or loss in subsequent periods. The amendment is effective for financial years beginning on or after 1 July 2012. The adoption of this amendment will have no impact on the measurement of financial statement items.

On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option to defer recognition of gains and losses, known as the "corridor approach", and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendment also introduces additional disclosure requirements and is applicable retrospectively to financial years beginning on or after 1 January 2013.

On 12 May 2011 the IASB issued IFRS 10 – *Consolidated Financial Statements,* which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (to be renamed *Separate Financial Statements*) and address the accounting treatment of investments in separate financial statements. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. It also provides additional guidance for situations where control may be difficult to determine. IFRS 10 must be applied retrospectively from 1 January 2014.

On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* which supersedes IAS 31 – Interests in *Joint Ventures and SIC- 13 – Jointly-controlled Entities – Non-monetary Contributions by Venturers.* The new standard sets out criteria for identifying joint arrangements, by focusing on the rights and obligations of the arrangement rather than its legal form,

and requires a single method to account for interests in jointly-controlled entities, the equity method. IFRS 10 must be applied retrospectively from 1 January 2014. Following the issue of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application.

On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities,* a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard must be applied retrospectively from 1 January 2014.

On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* clarifying the determination of fair value for the purpose of the financial statements and applying to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard must be applied prospectively from 1 January 2013.

On 16 December 2011, the IASB issued amendments to IAS 32 – *Financial Instruments: Presentation,* which clarifies application of certain criteria contained in IAS 32 for offsetting financial assets and liabilities. The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2013.

On 16 December 2011, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures.* The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. The amendments are effective for annual periods beginning on or after 1 January 2013 and for interim periods beginning thereafter. Disclosures must be provided retrospectively.

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 an impairment loss, 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, wholesale and fitness zones, 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 2012 incorporate the property appraisals as follows:

- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains 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 derecognized and any loss or profit (calculated as the difference between the sale value and carrying value) is taken to profit or loss 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 amount (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 pre-determined 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 are recognized when the Company is entitled to their receipt.

Income taxes

Current taxes

Current tax assets and liabilities for the current year 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 statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- 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.

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 derecognized 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 2012, 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 statement of financial position, 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 statement of financial position are broken down below by business segment, in accordance with IFRS 8.

INCOME STATEMENT €/000	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
	RENT		SERVICES		SHARED		TOTAL	
REVENUE	**89,416**	**87,128**	**506**	**529**	**0**	**0**	**89,922**	**87,657**
CHANGE IN INVENTORY					0	0	0	0
DIRECT COSTS	-13,756	-9,784	-55	-216			-13,811	-10,000
GROSS MARGIN	**75,660**	**77,344**	**451**	**313**	**0**	**0**	**76,111**	**77,658**
G&A EXPENSES					-8,782	-8,437	-8,782	-8,437
EBITDA	**75,660**	**77,344**	**451**	**313**	**-8,782**	**-8,437**	**67,329**	**69,220**
IMPAIRMENT/DEP. & AMORT.	-23,727	-6,313	0	0	-406	-328	-24,133	-6,641
EBIT	**51,935**	**71,031**	**451**	**313**	**-9,189**	**-8,765**	**43,196**	**62,579**
FINANCIAL INCOME MARGIN					**-39,734**	**-35,135**	**-39,734**	**-35,135**
EQUITY INVESTMENT MARGIN					**6**	**6**	**6**	**6**
TAXES					**7,058**	**2,518**	**7,058**	**2,518**
NET PROFIT							**10,526**	**29,968**

STATEMENT OF FINANCIAL POSITION €/000	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
	RENT		SERVICES		SHARED		TOTAL	
REAL ESTATE PORTFOLIO	1,427,536	1,447,690	0	0	10,067	10,522	1,437,603	1,458,212
OTHER NON-CURRENT ASSETS	0	0	0	0	214,413	203,307	214,413	203,307
CURRENT INVESTMENTS	58,629	50,186	0	0	0	0	58,629	50,186
NET WORKING CAPITAL	542	(1,999)	3	(12)	(375)	(176)	169	(2,187)
OTHER NON-CURRENT LIABILITIES	(12,853)	(12,781)	0	0	(18,921)	(21,471)	(31,774)	(34,252)
TOTAL USE OF FUNDS	**1,473,853**	**1,483,096**	**3**	**(12)**	**205,183**	**192,182**	**1,679,039**	**1,675,266**
NET DEBT	695,782	709,877	(18)	(17)	205,183	192,182	900,947	902,042
NET (ASSETS) AND LIABILITIES FOR DERIVATIVE INSTRUMENTS	40,593	22,913	0	0	0	0	40,593	22,913
EQUITY	737,478	750,306	22	5	0	0	737,500	750,311
TOTAL SOURCES	**1,473,853**	**1,483,096**	**3**	**(12)**	**205,183**	**192,182**	**1,679,039**	**1,675,266**

Notes to the financial statements

Note 1) Revenue

REVENUE	31/12/2012	31/12/2011	CHANGE
Freehold hypermarkets	**34,151,972**	**31,403,287**	**2,748,685**
Rent	**34,151,972**	**31,403,287**	**2,748,685**
Related parties	34,151,972	31,403,287	2,748,685
Leasehold hypermarkets	**0**	**0**	**0**
Rent	**0**	**0**	**0**
Business lease	**0**	**0**	**0**
Freehold supermarkets	**380,838**	**373,036**	**7,802**
Rent	**380,838**	**373,036**	**7,802**
Related parties	380,838	373,036	7,802
TOTAL HYPERMARKETS/SUPERMARKETS	**34,532,810**	**31,776,323**	**2,756,487**
Freehold malls, offices and city center properties	**53,171,233**	**53,560,433**	**(389,200)**
Rent	**7,618,815**	**7,526,717**	**92,098**
Related parties	3,578,912	2,985,929	592,983
Third parties	4,039,903	4,540,788	(500,885)
Business lease	**45,552,418**	**46,033,716**	**(481,298)**
Related parties	459,807	430,131	29,676
Third parties	45,092,611	45,603,585	(510,974)
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	**494,487**	**476,558**	**17,929**
Other contracts and temporary rent at leasehold malls	494,487	476,558	17,929
Temporary rent at freehold malls	**1,172,935**	**1,290,878**	**(117,943)**
Related parties	467,500	545,016	(77,516)
Third parties	705,435	745,862	(40,427)
TOTAL MALLS	**54,838,655**	**55,327,869**	**(489,214)**
GRAND TOTAL	**89,371,465**	**87,104,192**	**2,267,273**
of which related parties	39,039,029	35,737,399	3,301,630
of which third parties	50,332,436	51,366,793	(1,034,357)

For the sake of clarity, the provision made in 2011 with regard to the Darsena City shopping center has been reclassified as a deduction from revenue. In 2012 the provision amounted to €1,857,000 (95% of the revenue in question), up from €1,741,000 (90% of this revenue) the previous year.

The increase in rent and business lease revenue from hypermarkets/supermarkets derives mainly from:

- the full-year contribution of the hypermarkets at La Torre shopping center in Palermo and Coné shopping center in Conegliano, which have been bringing in rent since the second half of 2011;
- ISTAT inflation indexing of existing rental contracts.

Most of the net increase in rent on freehold malls, offices and city center properties from third parties and related parties is due to:

- the full-year contribution of the Via Rizzoli building in Bologna, leased since April 2011;

- the full-year contribution of leasing out the two floors of the building where the Group's registered office is located.

The different distribution of rent between third parties and related parties is explained by the subsidiary Millennium Gallery S.r.l.'s acquisition of the business that operates the Gran Rondò shopping mall in Crema as from April 2011.

As shown in the table above, the widespread crisis had the most serious impact on malls, leading to an increase in average vacancy during the year and making it necessary to continue a commercial policy of supporting tenants.

See the directors' report for further information.

Note 2) Other income

OTHER INCOME	31/12/2012	31/12/2011	CHANGE
Pilotage and construction revenues	102,204	68,586	33,618
Other	59,232	78,599	(19,367)
Total other income from third parties	**161,436**	**147,185**	**14,251**
Refund of other charges - related parties	29,705	34,635	(4,930)
Portfolio management and rent management revenues - related parties	61,810	60,411	1,399
Pilotage and construction revenues - related parties	2,552	0	2,552
Administrative services with related parties	333,498	332,472	1,026
Total other income from related parties	**427,565**	**427,518**	**47**
TOTAL	**589,001**	**574,703**	**14,298**

Starting in 2012, costs and revenue from charge-backs are offset against one another. For the sake of comparison, the 2011 figure has been reclassified accordingly.

Other income from related parties showed little change on the previous year.

Other income from third parties is made up of pilotage revenue, which increased as a direct consequence of tenant turnover, and a sum received to cover precontractual liability.

Note 3) Service costs

SERVICE COSTS	31/12/2012	31/12/2011	CHANGE
Service costs	**6,442,829**	**5,503,637**	**939,192**
Rent paid	137,385	177,699	(40,314)
Rented vehicles	125,627	106,554	19,073
Utilities	122,317	73,835	48,482
Advertisements, listings, advertising & promotions	359,759	315,001	44,758
Service	5,565	1,100	4,465
Facility management costs	1,526,961	1,092,353	434,608
Insurance	447,938	463,986	(16,048)
Professional fees	125,458	122,007	3,451
Directors' and statutory auditors' fees	717,506	691,079	26,427
External auditing fees	116,024	112,664	3,360
Investor relations, Consob, Monte Titoli costs	300,699	333,049	(32,350)
Recruitment, training and other personnel costs	268,016	237,952	30,064
Travel and accommodation	93,094	113,788	(20,694)
Failed project costs	78,042	158,772	(80,730)
Pilotage and construction costs	46,420	17,800	28,620
Consulting	903,272	1,013,608	(110,336)
Maintenance and repairs	592,304	73,428	518,876
Bank fees and commissions	115,747	112,183	3,564
Cleaning, porterage and security	197,819	183,176	14,643
Other	162,876	103,603	59,273
Service costs with related parties	**3,468,296**	**3,470,635**	**(2,339)**
Rent paid	1,871,700	1,842,264	29,436
Shopping center promotional costs	100,000	100,000	0
Service	260,641	296,735	(36,094)
Facility management costs	1,011,412	976,385	35,027
Insurance	63,838	64,124	(286)
Directors' and statutory auditors' fees	116,711	142,687	(25,976)
Consulting	9,707	0	9,707
Maintenance and repairs	3,141	5,164	(2,023)
Other	31,146	43,276	(12,130)
TOTAL	**9,911,125**	**8,974,272**	**936,853**

The principal components of this item are usage fees for the Città delle Stelle mall in Ascoli, shopping center management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms. The most significant increases concerned:

- shopping center management costs with third parties and related parties, which rose by €469,635 due mainly to Sunday openings, as well as an increase in average vacancy entailing higher costs to the Group for unlet premises;
- maintenance and repairs (+€518,876), for compliance with new building regulations and for weather damage suffered by certain shopping centers.

Note 4) Cost of labor

COST OF LABOR	31/12/2012	31/12/2011	CHANGE
Wages and salaries	3,139,368	2,905,918	233,450
Social security	927,069	854,573	72,496
Severance pay	291,616	204,332	87,284
Other costs	94,878	156,823	(61,945)
TOTAL	**4,452,931**	**4,121,646**	**331,285**

The cost of labor increased due to organizational changes and the renewal of the national employment contract during the previous year.

Severance pay includes contributions to supplementary funds in the amount of €45,138. The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2012	31/12/2011
Executives	5	5
Middle managers	13	10
White collar	47	49
TOTAL	**65**	**64**

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated make up the compensation for 2012 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 APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/12-31/12/12	2014 FY appr.	91,500
Sergio Costalli	Vice Chairman	01/01/12-31/12/12	2014 FY appr.	63,495
Claudio Albertini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
	Chief Executive Officer	01/01/12-31/12/12	2014 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Leonardo Caporioni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Fernando Pellegrini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Aristide Canosani	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Massimo Franzoni	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Riccardo Sabadini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Fabio Carpanelli	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Andrea Parenti	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/12-31/12/12	2014 FY appr.	16,500
Elisabetta Gualandri	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Tamara Magalotti	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Livia Salvini	Director	19/04/12-31/12/12	2014 FY appr.	11,541
Francesco Gentili	Director	01/01/12-19/04/12	2011 FY appr.	4,959
Sergio Santi	Director	01/01/12-19/04/12	2011 FY appr.	4,959
Corrado Pirazzini	Director	01/01/12-19/04/12	2011 FY appr.	4,959
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/12-31/12/12	2014 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/12-31/12/12	2014 FY appr.	16,500
Pasquina Corsi	Standing Auditor	19/04/12-31/12/12	2014 FY appr.	11,586
Franco Gargani	Standing Auditor	01/01/12-19/04/12	2011 FY appr.	4,959

NAME	TITLE	DATES IN OFFICE IN 2012	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
CONTROL AND RISKS COMMITTEE				
Massimo Franzoni	Director (Supervisor)	01/01/12-19/04/12	when no longer director	3,607
	Director	19/04/12-31/12/12	when no longer director	5,596
Elisabetta Gualandri	Director (Chairman)	19/04/12-31/12/12	when no longer director	8,393
Livia Salvini	Director	19/04/12-31/12/12	when no longer director	5,596
Aristide Canosani	Director	01/01/12-19/04/12	when no longer director	2,404
Leonardo Caporioni	Director	01/01/12-19/04/12	when no longer director	2,404
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/12-31/12/12	when no longer director	12,000
Aristide Canosani	Director	19/04/12-31/12/12	when no longer director	5,596
Livia Salvini	Director	19/04/12-31/12/12	when no longer director	5,596
Francesco Gentili	Director	01/01/12-19/04/12	when no longer director	2,404
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	2,404
COMPENSATION COMMITTEE				
Riccardo Sabadini	Director	01/01/12-19/04/12	when no longer director	500
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	500
Francesco Gentili	Director	01/01/12-19/04/12	when no longer director	500
NOMINATIONS COMMITTEE				
Fabio Carpanelli	Director	01/01/12-19/04/12	when no longer director	1,000
Giorgio Boldreghini	Director	01/01/12-19/04/12	when no longer director	1,000
Andrea Parenti	Director	01/01/12-19/04/12	when no longer director	1,000
NOMINATIONS AND COMPENSATION COMMITTEE				
Andrea Parenti	Director (Chairman)	19/04/12-31/12/12	when no longer director	3,000
Fabio Carpanelli	Director	19/04/12-31/12/12	when no longer director	3,000
Tamara Magalotti	Director	19/04/12-31/12/12	when no longer director	3,000
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/12-19/04/12	when no longer director	500
	Chairman	19/04/12-31/12/12	when no longer director	0
Sergio Costalli	Vice Chairman	01/01/12-19/04/12	when no longer director	500
	Vice Chairman	19/04/12-31/12/12	when no longer director	0
Claudio Albertini	Chief Executive Officer	01/01/12-19/04/12	when no longer director	500
	Chief Executive Officer	19/04/12-31/12/12	when no longer director	0
Roberto Zamboni	Director	01/01/12-19/04/12	when no longer director	500
	Director	19/04/12-31/12/12	when no longer director	0
Sergio Santi	Director	01/01/12-19/04/12	when no longer director	500
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Supervisor)	01/01/12-19/04/12	when no longer director	3,607
	Director (Chairman)	19/04/12-31/12/12	when no longer director	750
Andrea Parenti	Director	01/01/12-19/04/12	when no longer director	2,404
	Director	19/04/12-31/12/12	when no longer director	750
Giorgio Boldreghini	Director	01/01/12-19/04/12	when no longer director	2,404
	Director	19/04/12-31/12/12	when no longer director	750
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/12-31/12/12	when no longer director	750

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2012	31/12/2011	CHANGE
IMU (municipal property tax)	5,960,143	3,340,354	2,619,789
Other taxes	38,352	44,675	(6,323)
Contract registration	275,200	262,761	12,439
Capital losses	15,000	0	15,000
Out-of-period (income)/charges	4,172	(17,674)	21,846
Membership fees	82,969	78,743	4,226
Losses on receivables	37,815	249,262	(211,447)
Penalties	9,600	19,157	(9,557)
Fuel and tolls	115,269	84,614	30,655
Magazine subscriptions, office supplies, forms	84,283	92,857	(8,574)
Other operating costs	123,335	62,412	60,923
TOTAL	**6,746,138**	**4,217,161**	**2,528,977**

Other operating costs increased due to the replacement of the local property tax (ICI) in 2012 with the new municipal property tax (IMU), which raised taxes significantly due to the higher rates and new rules for calculating the base amount.
Capital losses concern the transfer to the newly formed IGD Property SIINQ of two units located in the Miralfiore mall in Pesaro and the via Aquileia mall in Ravenna.
The increase in the heading "Other" is essentially due to the rise in permitting costs for performing renovation work on various units or adapting them to the needs of their new tenants.

Note 6) Depreciation, amortization and provisions

DEPRECIATION, AMORTIZATION AND PROVISIONS	31/12/2012	31/12/2011	CHANGE
Amortization	(7,857)	(8,067)	210
Depreciation	(608,203)	(505,125)	(103,078)
Allocation to provision for doubtful accounts	(1,187,168)	(1,382,639)	195,471
Other provisions	(333,500)	237,500	(571,000)
Total depreciation, amortization and provisions	**(2,136,728)**	**(1,658,331)**	**(478,397)**
(Impairment losses)/reversals on work in progress	**(1,210,894)**	**27,689**	**(1,238,583)**
Fair value changes	**(22,306,162)**	**(6,155,893)**	**(16,150,269)**
Total depreciation, amortization, impairment and fair value changes	**(25,653,784)**	**(7,786,535)**	**(17,867,249)**

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); a portion of the 2011 accrual has been reclassified, as mentioned above in Note 1.

Other provisions cover:
- estimated expenses for a pending dispute over the real estate classification and cadastral rent of Le Maioliche (Faenza) and La Torre (Palermo) shopping centers;
- estimated expenses for some other disputes that originated during the year.

Note 7) Income/(loss) from equity investments

INCOME/(LOSS) FROM EQUITY INVESTMENTS	31/12/2012	31/12/2011	CHANGE
Dividends	6,000	7,000	(1,000)
Writedowns of equity investments	0	(1,273)	1,273
Total income/(loss) from equity investments	**6,000**	**5,727**	**273**

In 2012 the company Winmagazin S.A. approved a dividend that was received in September. There was no need to charge impairment losses on this investment during the year.

Note 8) Financial income and charges

FINANCIAL INCOME	31/12/2012	31/12/2011	CHANGE
Bank interest income	48,841	107,304	(58,463)
Other interest income	17,271	22,212	(4,941)
Income from repurchase agreement	0	7,670	(7,670)
Interest on repurchase agreement	0	35,326	(35,326)
Other income	0	21,446	(21,446)
Interest on VAT refund	381	151,036	(150,655)
Total third parties	**66,493**	**344,994**	**(278,501)**
Interest income from related parties	518,715	632,779	(114,064)
Interest income from Coop Adriatica account	0	6,814	(6,814)
Total related parties	**518,715**	**639,593**	**(120,878)**
Total financial income	**585,208**	**984,587**	**(399,379)**

Financial income decreased due mainly to the lack of interest income on the VAT refund for 2010 and to the substantial decline in the Euribor, which led to lower interest on the Company's bank accounts.

Interest income from related parties refers to the financial receivables mentioned in Note 23.

FINANCIAL CHARGES	31/12/2012	31/12/2011	CHANGE
Interest expense to subsidiaries	325	0	325
Interest expense on security deposits	304,669	176,568	128,101
Interest expense to Coop Adriatica	1,107,783	857,836	249,947
Total related parties	**1,412,777**	**1,034,404**	**378,373**
Interest expense to banks	3,167,120	2,216,180	950,940
Other interest and charges	406,509	261,578	144,931
Mortgage loan interest	13,054,317	13,822,118	(767,801)
Financial charges on leasing	133,603	179,638	(46,035)
Bond interest and charges	13,203,154	12,873,662	329,492
IRS spreads	8,941,646	5,732,137	3,209,509
Total third parties	**38,906,349**	**35,085,313**	**3,821,036**
Total financial charges	**40,319,126**	**36,119,717**	**4,199,409**

Financial charges increased by €4,199,409, although net financial indebtedness was essentially stable, moving from €902,445,723 at 31 December 2011 to €901,246,876.

The most significant changes during the year were as follows:

- a rise in interest paid on security deposits, due to the adjustment of the legal interest rate from 1.50% in 2011 to 2.50% in 2012;
- an increase in interest paid to Coop Adriatica because of the greater average exposure during the year

through the current account held with the parent;
- an increase in IRS spreads, relating to interest rate hedging transactions in effect for all of 2012 and to the substantial decline in the base rate (3-month Euribor), which raised the spread between fixed interest paid and variable interest received;
- a net decrease in mortgage loan interest caused by the reduction in the base rate (3-month Euribor) for adjustable rate mortgages. This was partially offset by the effect of new loans taken out from Intesa Group in March 2012 and November 2012 (for the purchase of the Via Rizzoli building in Bologna) and the full impact of the new mortgage loans (for the investments in Palermo and Conegliano) contracted in the third quarter of 2011;
- an increase in interest expense to banks, relating primarily to the substantially higher spread on short-term borrowings.

Bond interest and charges, at €13,203,154, 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% = €4,201,709;
- higher financial charges due to use of amortized cost method = €951,445.

Note 9) Income taxes

INCOME TAXES	31/12/2012	31/12/2011	CHANGE
Current taxes	(94,771)	(185,167)	90,396
in detail:			
IRES	284,138	317,973	(33,835)
IRAP	89,664	88,100	1,564
Income from tax consolidation	(468,573)	(591,240)	122,667
Deferred tax liabilities	(3,002,210)	718,475	(3,720,685)
Deferred tax assets	(3,901,169)	(2,610,242)	(1,290,927)
Out-of-period income/charges	(59,609)	(440,714)	381,105
TOTAL	**(7,057,759)**	**(2,517,648)**	**(4,540,111)**

As in 2011, the share of exempt operations allowed by SIIQ rules increased with respect to taxable operations, as evidenced by the income ratio which rose from 96.11% the previous year to 96.73% in 2012. This led to a further decrease in current taxes, as concerns both corporate income tax (IRAP) and regional business tax (IRAP), although the change was less marked than in 2011.

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)	31/12/2012 TOTAL	31/12/2012 EXEMPT OPERATIONS	31/12/2012 TAXABLE OPERATIONS
Total revenue and operating income	**89,960,466**	**87,522,437**	**2,438,029**
Total operating costs	**21,110,194**	**20,727,095**	**383,099**
(Depreciation, amortization and provisions)	(2,136,728)	(2,085,043)	(51,685)
(Impairment losses)/reversals on work in progress	(1,210,894)	0	(1,210,894)
Fair value changes	(22,306,162)	0	(22,306,162)
EBIT	**43,196,488**	**64,710,299**	**(21,513,811)**
Income/(loss) from equity investments	6,000	0	6,000
Income/(loss) from equity investments	6,000	0	6,000
Financial income	**585,208**	**16,893**	**568,315**
Financial charges	**(40,319,126)**	**(39,529,364)**	**(789,762)**
Net financial income (charges)	**(39,733,918)**	**(39,512,471)**	**(221,447)**
PRE-TAX PROFIT	**3,468,570**	**25,197,828**	**(21,729,258)**
Income taxes	(7,057,759)	0	(7,057,759)
NET PROFIT	**10,526,329**	**25,197,828**	**(14,671,499)**

CONFIRMATION OF ECONOMIC CONDITION	31/12/2012
Rental and equivalent income (exempt income) (A)	89,379,437
Total positive components (B)	92,404,674
Income ratio (A/B)	96.73%

CONFIRMATION OF FINANCIAL CONDITION		31/12/2012
Rental properties		1,426,655,000
Beneficial interests		3,766,855
Properties under construction		58,628,646
Investments in SIINQ		395,000
Total rental properties, properties under construction and investments in SIINQ	A	**1,489,445,501**
TOTAL ASSETS	B	**1,741,989,938**
Elements excluded from ratio:	C	**(64,860,043)**
Cash and cash equivalents		(3,278,922)
Loans /Group companies		(16,439,510)
Trade receivables		(9,814,884)
IGD SIIQ head office		(9,348,508)
Derivative assets		(149,898)
Deferred tax assets		(25,025,450)
Tax credits		(802,871)
Total adjusted assets B - C = D	D	**1,677,129,895**
FINANCIAL RATIO A/D		**88.81%**

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2012 and 31 December 2011.

INCOME TAX RECONCILIATION	31/12/2012	31/12/2011
	3,468,570	**27,449,878**
Theoretical tax charge (27.5%)	953,857	7,548,717
Profit shown in income statement	3,468,570	27,449,878
Increases:		
IMU/ICI (local property tax)	5,960,143	3,340,354
Negative fair value	22,306,162	6,155,893
Other increases	9,502,161	7,958,974
Decreases:		
Change in exempt income	(37,720,884)	(41,049,145)
Depreciation	(75,270)	(763,044)
Other changes	(2,411,488)	(1,459,775)
Taxable income	**1,029,393**	**1,633,136**
Use of prior losses		**476,869**
Taxable income net of losses	**1,029,393**	**1,156,267**
Lower current taxes charged directly to equity	***(1,055)***	
Current taxes	***284,138***	***317,973***
Income from tax consolidation	***468,573***	***591,240***
Total current taxes for the year	***(184,435)***	***(273,267)***
Difference between value and cost of production	**74,302,150**	**72,576,141**
Theoretical IRAP charge (3.9%)	2,897,784	2,830,469
Difference between value and cost of production	**74,302,150**	**72,576,141**
Changes:		
Increases	6,756,908	7,896,599
Decreases	(662,325)	(1,102,568)
Change in exempt income	(76,880,108)	(76,278,625)
Other deductions	(1,269,409)	(878,070)
Taxable income for IRAP purposes	**2,247,216**	**2,213,477**
Lower IRAP charged directly to equity	**(660)**	
Current IRAP for the year	***89,664***	***88,100***

Note 10) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	AMORTIZATION	BALANCE AT 31/12/2011
Intangible assets with finite useful lives	39,468	3,000	0	(8,068)	34,400
Intangible assets with finite useful lives under development	0	0	0	0	0
Total intangible assets with finite useful lives	**39,468**	**3,000**	**0**	**(8,068)**	**34,400**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	AMORTIZATION	BALANCE AT 31/12/2012
Intangible assets with finite useful lives	34,400	0	0	(7,857)	26,543
Intangible assets with finite useful lives under development	0	35,102	0	0	35,102
Total intangible assets with finite useful lives	**34,400**	**35,102**	**0**	**(7,857)**	**61,645**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trade-marks used by the Company, which are amortized over 10 years.
Most of the increase for the year relates to the purchase of business software for a project currently in course, scheduled for completion in 2013.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.

Note 11) Goodwill

GOODWILL 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	BALANCE AT 31/12/2011
Goodwill	**64,828**	**0**	**0**	**64,828**

GOODWILL 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	BALANCE AT 31/12/2012
Goodwill	**64,828**	**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 2012.

GOODWILL	31/12/2012	31/12/2011
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 2013-2015 business plan, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.16%; the risk premium contained in the cost of equity is 4.80%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 12) Buildings

BUILDINGS 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2011
Historical cost	7,987,743	2,126,500	0	0	10,114,243
Accumulated depreciation	(319,602)	0	0	(202,627)	(522,229)
Net carrying value	**7,668,141**	**2,126,500**	**0**	**(202,627)**	**9,592,014**

BUILDINGS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Historical cost	10,114,243	0	0	0	10,114,243
Accumulated depreciation	(522,229)	0	0	(243,506)	(765,735)
Net carrying value	**9,592,014**	**0**	**0**	**(243,506)**	**9,348,508**

This item refers to the purchase of the building housing IGD SIIQ S.p.A.'s head office. The only movement during the year was depreciation.

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 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**

INVESTMENT PROPERTY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	TRANSFERS FROM ASSETS UNDER CONSTRUCTION	BALANCE AT 31/12/2012
Investment property	**1,446,945,000**	**3,083,658**	**(1,305,459)**	**6,304,837**	**(28,610,999)**	**237,963**	**1,426,655,000**

In 2012 the restyling of the ESP shopping center was completed, and extraordinary maintenance work was performed on the malls at Porto Grande, Afragola and Conegliano.
Most of the decrease concerns the adjustment of contingent consideration on a mall and the transfer to the newly formed IGD Property SIINQ of two units located in the Miralfiore mall in Pesaro and the via Aquileia mall in Ravenna.
Reclassifications include costs incurred for renovations/modifications begun in previous years that were concluded in 2012, which were therefore restated from assets under construction to investment property.
The adjustment to fair value at 31 December 2012 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 agreement.

The change, net of depreciation, refers mainly to the upgrade of the cooling system at Ascoli shopping center and the addition of equipment at various centers, as well as the completion of work on the head office.

Movements in plant and machinery in 2012 and 2011 are shown below:

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**

PLANT AND MACHINERY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Historical cost	180,772	245,250	(3,120)	0	0	422,902
Accumulated depreciation	(120,837)	78	0	(35,832)	0	(156,591)
Net carrying value	**59,935**	**245,328**	**(3,120)**	**(35,832)**	**0**	**266,311**

The following tables show movements in equipment in this and the previous year:

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 AND OTHER ASSETS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Historical cost	2,496,322	46,475	0	0	0	2,542,797
Accumulated depreciation	(888,559)	0	0	(325,088)	0	(1,213,647)
Net carrying value	**1,607,763**	**46,475**	**0**	**(325,088)**	**0**	**1,329,150**

Movements in leasehold improvements in 2012 and the previous year:

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**

LEASEHOLD IMPROVEMENTS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Net carrying value	**7,554**	**0**	**0**	**(3,777)**	**0**	**3,777**

Note 15) Assets under construction

ASSETS UNDER CONSTRUCTION 2011	BALANCE AT 01/01/2011	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2011
Assets under construction	**59,282,288**	**13,033,898**	**0**	**(22,158,051)**	**27,689**	**50,185,824**

ASSETS UNDER CONSTRUCTION 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2012
Assets under construction	**50,185,824**	**9,953,328**	**0**	**(299,612)**	**(1,210,894)**	**58,628,646**

The increase in assets under construction is due to:

- progress on the urban infrastructure of the future retail park in Chioggia, for €847,957;
- progress on the expansion of the ESP, Portogrande and Abruzzo shopping centers, for respectively €356,854, €116,889 and €267,255;
- additional down payments of €8,261,400 paid to Porta Medicea S.r.l. due to progress on the construction works relating to the "Porta a Mare" project for the purchase of the future retail portion of the project.

Decreases are essentially due to:

- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value;
- the completion of work, for €299,612, on various shopping centers and their consequent reclassification to investment property.

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	31/12/2012	31/12/2011	CHANGE
Deferred tax assets	**25,025,450**	**16,466,404**	**8,559,046**
Deferred tax liabilities	**(16,801,875)**	**(19,818,687)**	**3,016,812**

Deferred tax assets are shown in detail below:

DEFERRED TAX ASSETS	31/12/2012	31/12/2011	CHANGE
Amortization reversal	125	9,600	(9,475)
Capital increase	4,219	0	4,219
Taxed provisions	79,422	105,469	(26,047)
Bonus provision	4,057	4,323	(267)
IAS 40	12,454,212	9,235,521	3,218,691
Impairment losses on land and construction in progress	503,388	169,062	334,327
Higher land value for tax purposes	752,594	752,594	0
IAS 19	789	789	0
Interest rate swaps	10,533,697	5,903,742	4,629,955
Loss from tax consolidation	692,947	285,305	407,642
TOTAL DEFERRED TAX ASSETS	**25,025,450**	**16,466,404**	**8,559,045**

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 write-downs 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 change for the year stems from:

- the recognition of deferred taxes on mortgage hedging instruments (IRS) in the amount of €4,629,955;
- the recognition of deferred taxes for impairment losses charged on assets under construction, in the amount of €334,327;
- the recognition of deferred taxes on the fair value adjustment of investment property, in the amount of €3,218,691.

There was an increase in deferred tax assets while taxable income for IRES purposes proved once again to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous year.

DEFERRED TAX ASSETS	BALANCE AT 31/12/2011		DIFFERENZA TEMPORANEA		IMPOSTE ANTICIPATE		BALANCE AT 31/12/2012	
	TEMPORARY DIFFERENCE	DEFERRED	INCREASES	DECREASES	INCREASES	REVERSAL	TEMPORARY DIFFERENCE	DEFERRED
IAS 19, tax effect 2008	22,411	789					22,411	789
Fair value adj.	33,449,937	9,235,522	12,825,827	1,168,118	3,541,208	322,518	45,107,646	12,454,212
land at fair value for SIIQ	2,725,801	752,594				0	2,725,801	752,594
Impairment of land and construction in progress	612,320	169,061	1,210,894		334,328		1,823,214	503,388
IAS 38 2011	2,121	23		530	0	9	1,591	14
IAS 38 2008 & 2009 and adj. 2011	7,043	75		4,837		56	2,206	19
IAS 38 2008 Nikefin and adj. 2011	315	4		315		4	(0)	0
Doubtful accounts	1,094,302	105,469	41,908	136,624	11,525	37,572	999,586	79,422
Bonus provision 2012			14,752	0	4,057	0	14,752	4,057
Bonus provision 2011	15,721	4,323		15,721		4,323	0	(0)
IAS 38 MV past IRES 50% & IRAP 2.82%	68,515	9,378		68,515		9,378	0	0
Deferred tax assets Faenza merger	(2,304)	269		1,928		27	(4,233)	240
Deferred tax assets Faenza merger - adjustments	(751)	(149)		0		0	(751)	(149)
Deferred tax assets - loss for tax consolidation	1,037,474	285,305	1,697,944	301,809	490,640	82,997	2,433,609	692,947
Interest rate swaps*	21,468,156	5,903,742	17,365,501	529,305	4,775,513	145,559	38,304,352	10,533,697
Deferred tax assets - costs for capital increase 2012*			586,475	117,295	5,274	1,055	469,180	4,219
TOTAL	**60,501,061**	**16,466,404**	**33,743,301**	**2,344,998**	**9,162,544**	**603,498**	**91,899,363**	**25,025,450**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities

DEFERRED TAX LIABILITIES	31/12/2012	31/12/2011	CHANGE
Capital gains in installments	2,844	4,267	(1,423)
Tax effect on fair value of properties	16,759,797	19,722,800	(2,963,003)
Tax effect on convertible bond	39,234	91,620	(52,386)
TOTAL DEFERRED TAX LIABILITIES	**16,801,875**	**19,818,687**	**(3,016,812)**

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 primarily to impairment losses on some investment property in accordance with IAS 40.

DEFERRED TAX LIABILITIES	BALANCE AT 31/12/2011		INCREASES	DECREASES	INCREASES	REVERSAL	BALANCE AT 31/12/2012	
	TEMPORARY DIFFERENCE	DEFERRED	TEMPORARY DIFFERENCE		DEFERRED		TEMPORARY DIFFERENCE	DEFERRED
Capital gains from disposals	15,516	4,267	0	5,172	0	1,422	10,344	2,844
IAS borrowing costs on bond for adjustment of taxable portion*	1,548,114	425,732	0	53,101	0	14,603	1,495,013	411,130
Borrowing cost on bond charged to profit or loss	-1,214,952	-334,112	0	137,396	0	37,784	-1,352,348	-371,896
	333,162	**91,620**	**0**	**190,497**	**0**	**52,387**	**142,665**	**39,234**
2012 fair value adj. and prior years IRAP adj.	69,703,207	19,722,800	2,303,847	13,036,690	636,092	3,599,095	58,970,364	16,759,797
TOTAL	**70,051,884**	**19,818,687**	**2,303,847**	**13,232,359**	**636,092**	**3,652,904**	**59,123,372**	**16,801,875**

* effect on bond loan charged directly to equity.

Note 17) Sundry receivables and other non-current assets

OTHER NON-CURRENT ASSETS	31/12/2012	31/12/2011	CHANGE
Tax credits	4,489	4,489	0
Beneficial interest	3,766,855	1,907,345	1,859,510
Due from others	3	3	0
Security deposits	35,045	27,724	7,321
Total	**3,806,392**	**1,939,561**	**1,866,831**

"Beneficial interest" pertains to the cost incurred for the renewal, in December 2012, of the real right of enjoyment of the mall at Città delle Stelle Shopping Center for 2013 and 2014. The amount pertaining to 2012 was recognized in the income statement.

Note 18) Equity investments

Equity investments are detailed in the table below:

EQUITY INVESTMENTS	31/12/2011	INCREASES	DECREASES	IMPAIRMENT	31/12/2012
Equity investments in subsidiaries					
IGD Management S.r.l.	170,183,477				170,183,477
Millennium Gallery S.r.l.	14,313,025	150,000			14,463,025
Winmagazin S.A.*	185,618				185,618
Consorzio Forte di Brondolo	55,319				55,319
Consorzio Proprietari C.C. Leonardo	52,000				52,000
Consorzio I Bricchi	4,335				4,335
IGD Property SIINQ		395,000			395,000
Equity investments in other companies					
Inres	310				310
Consorzio Centro Commerciale Portogrande	275				275
Consorzio Business Park	7,689	7,476			15,165
Fondazione Virtus Pallacanestro Bologna		100,000			100,000
Total	**184,802,048**	**652,476**	**0**	**0**	**185,454,524**

*indirect subsidiary

The following changes took place during the year:

- an increase in the value of Millennium Gallery due to the contribution of €150,000 for a future increase in capital;
- the formation of IGD Property SIINQ S.p.A. through the transfer of two real estate units located in the Miralfiore mall in Pesaro and the via Aquileia mall in Ravenna;
- the subscription of a €100,000 share of Fondazione Virtus Pallacanestro as a founding member.

The recoverability of the value of equity investments was tested using the discounted cash flow method.

For investments deemed to be significant, 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 plan for 2013-2015, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.16%; the risk premium contained in the cost of equity is 4.80%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1% was assumed in the projection. No adjustments in value were found to be necessary.

Note 19) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2012	31/12/2011	CHANGE
Trade and other receivables - third parties	18,905,383	14,992,785	3,912,598
Provision for doubtful accounts	(9,342,065)	(6,677,755)	(2,664,310)
Total	**9,563,318**	**8,315,030**	**1,248,288**

The rise in trade receivables is due to the increase in extended payment terms granted to certain operators and to the growth of impaired receivables and payments being sought through legal action, accounting for the rise in the provision for doubtful accounts. In particular, the amount due from Magazzini Darsena S.p.A. (€3,884,848) has been written down by €3,598,000. 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:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2011	UTILIZATIONS	WRITEDOWN OF DELINQUENT INTEREST	ALLOCATIONS	31/12/2012
Provision for doubtful accounts	6,677,755	(400,364)	20,506	3,044,168	9,342,065
Total provision for doubtful accounts	**6,677,755**	**(400,364)**	**20,506**	**3,044,168**	**9,342,065**

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	31/12/2012	31/12/2011	CHANGE
Parent	17,822	8,513	9,309
Total parent	**17,822**	**8,513**	**9,309**
IGD Management S.r.l.	8,760	8,870	(110)
Porta Medicea S.r.l.	110,688	109,835	853
IGD Property SIINQ	205	0	205
Consorzio Forte di Brondolo	1,963	1,963	0
Consorzio Conè	159	0	159
Consorzio I Bricchi	0	26,840	(26,840)
Ipercoop Sicilia	24,198	22,917	1,281
Ipercoop Tirreno		13,243	(13,243)
Vignale Comunicazioni S.r.l.	55,180	116,409	(61,229)
Unicoop Tirreno S.c.a.r.l.	14,431	24,219	(9,788)
Librerie Coop S.p.A.	13,595	15,564	(1,969)
Robintur S.p.A.	932	1,179	(247)
Viaggia con Noi S.r.l.	3,634	0	3,634
Other related parties	**233,744**	**341,039**	**(107,295)**
Total related parties	**251,566**	**349,552**	**(97,986)**

See Note 38 for comments.

Note 21) Other current assets

OTHER CURRENT ASSETS	31/12/2012	31/12/2011	CHANGE
Tax credits			
VAT credits	264,287	5,030,526	(4,766,239)
IRES credits	520,286	905,978	(385,692)
IRAP credits	18,298	99,557	(81,259)
Due from others			
Due from insurers	0	900	(900)
Accrued liabilities and deferred income	271,096	345,036	(73,940)
Deferred costs	41,000	35,766	5,234
Other	186,146	319,492	(133,346)
Total other current assets	**1,301,113**	**6,737,255**	**(5,436,142)**

Other current assets decreased since the previous year, due mainly to a reduction in VAT credits as a result of their use. In 2011, the heading “Other” included rent paid in advance to the town of San Giovanni Teatino for the use of parking spaces at the Abruzzo Shopping Center in 2012 and 2013. The amount pertaining to 2012 has now been moved to the income statement, causing the decrease for the year.
Deferred costs refer to new projects to be completed in coming years.

Note 22) Related party other current assets

RELATED PARTY OTHER CURRENT ASSETS	31/12/2012	31/12/2011	CHANGE
Receivables from tax consolidation	**339,955**	**473,898**	**(133,943)**
In detail:			
IGD Management S.r.l.	339,955	473,898	(133,943)

This item consists of the amount due from IGD Management S.r.l. as a result of transferring the subsidiary's 2012 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	31/12/2012	31/12/2011	CHANGE
Other financial assets	21,425	277,819	(256,394)
Total due from third parties	**21,425**	**277,819**	**(256,394)**
Parent	21,762	0	21,762
Other related parties	16,417,748	17,034,187	(616,439)
Total related parties	**16,439,510**	**17,034,187**	**(594,677)**

This item decreased due to the partial collection of 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 IGD Management 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	31/12/2012	31/12/2011	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	3,234,288	2,807,903	426,385
Cash on hand	44,634	39,058	5,576
Total cash and cash equivalents	**3,278,922**	**2,846,961**	**431,961**

Cash and cash equivalents at 31 December 2012 consisted mainly of current account balances at banks.

Note 25) Net equity

NET EQUITY	31/12/2012	31/12/2011	CHANGE
Share capital	311,569,323	298,272,669	13,296,654
Share premium reserve	147,730,288	147,730,288	0
Total other reserves	**254,505,055**	**264,613,326**	**(10,108,271)**
Legal reserve	10,439,794	9,002,762	1,437,032
Euro conversion reserve	23,113	23,113	0
Goodwill reserve	13,735,610	13,735,610	0
Reserve for the purchase of treasury shares	(11,275,891)	(11,275,891)	0
Cash flow hedge reserve	(27,770,654)	(15,564,413)	(12,206,241)
Bond issue reserve	29,807,399	29,792,797	14,602
Capital increase reserve	(580,541)	0	(580,541)
Fair value reserve	240,126,225	238,899,348	1,226,877
Total profits	**23,695,055**	**39,694,374**	**(15,999,319)**
Retained earnings	13,168,726	9,726,848	3,441,878
Profit for the year	10,526,329	29,967,526	(19,441,197)
Net equity	**737,499,721**	**750,310,657**	**(12,810,936)**

Movements in net equity are detailed in section 6.4.
Share capital increased by €13,296,654.08 as a result of the capital increase reserved to investors with dividend rights for the year 2011 (the "dividend reinvestment option transaction"). A total of 20,776,022 newly issued shares were subscribed for. The new share capital therefore amounts to €322,545,915.08, comprised of 330,025,283 ordinary shares of which 10,976,592 are held as treasury shares.

As resolved by the annual general meeting, the 2011 profit was allocated as follows:

- to the fair value reserve: €1,226,877
- to the legal reserve: €1,437,032
- to each share outstanding, excluding treasury shares, a dividend of €0.080 for a total of €23,861,814.

Most of the movements in other reserves were a result of:

- the change in derivatives accounted for using the cash flow hedge method €12,206,241;
- the allocation to the appropriate reserve of deferred tax liabilities relating to the bond loan in the amount of €14,602;
- the recognition of a reserve covering transaction costs for the capital increase.

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	**322,545,915**				
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	-9,819,687	---			
Profit reserves:					
Legal reserve	10,439,794	B	10,439,794		
Fair value reserve	240,126,225	B	240,126,225		
Retained earnings	13,168,726	A, B, C	13,168,726		
Total	**726,973,392**		**425,223,756**	**0**	
Non-distributable portion			412,055,030		
Remaining amount distributable			**13,168,726**	**0**	

Key: A: for capital increases B: for loss coverage C: for dividends

The fair value reserve, due to impairment losses recognized during the year, has been reduced by €9,853,651. In accordance with Art. 7(4) of Decree 174 of 7 September 2007, which states that "whenever the profit from exempt operations is reduced by a loss from taxable operations, the profit from taxable operations earned in future years shall be considered to be comprised, up to the amount of said reduction, of profits from exempt operations, with the resulting obligation to distribute profits to the shareholders," that amount must be considered to be comprised entirely of profits from exempt operations subject to the normal distribution rules for SIIQs.

Note 26) Non-current financial liabilities

This item includes the non-current portion of floating-rate loans from banks, amounts due to other sources of finance, and financial liabilities with related parties, as detailed below:

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2012	31/12/2011	CHANGE
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	15,046,153	16,884,116	(1,837,963)
09 Interbanca IGD	25/09/2006 - 05/10/2021	106,139,765	117,304,123	(11,164,358)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	10,189,234	10,974,090	(784,856)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/09/2013	0	68,451,879	(68,451,879)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	9,844,474	10,315,927	(471,453)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	25,276,559	26,359,378	(1,082,819)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	25,756,415	27,396,375	(1,639,960)
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	14,435,743	15,845,857	(1,410,114)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	43,506,495	46,313,993	(2,807,497)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	30,743,472	32,462,038	(1,718,566)
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	22,852,805	24,292,084	(1,439,279)
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	41,323,699	43,943,942	(2,620,243)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	13,928,228	14,707,658	(779,430)
19 Mps	30/12/2010 - 30/11/2014	16,529,900	16,690,522	(160,621)
18 Cassa Risp Firenze	20/12/2011 - 19/12/2016	39,914,119	39,892,486	21,633
20 Intesa	16/03/2012 - 16/03/2017	26,646,497	0	26,646,497
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	14,182,731	0	14,182,731
		456,316,289	**511,834,468**	**(55,518,179)**
Convertible bond	**28/6/2007 - 28/12/2013**	**0**	**219,465,808**	**(219,465,808)**
Due to other sources of finance		11,400,075	12,560,782	(1,160,707)
Contingent liability for mall	31/12/2014	5,956,322	6,842,181	(885,859)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,443,753	5,718,601	(274,848)
Non-current financial liabilities		**467,716,364**	**743,861,058**	**(276,144,694)**
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:

- new financing contracted with Intesa San Paolo S.p.A., in March 2012, for a total of €30 million. This is a five-year credit line secured by a second mortgage on the properties constituting Le Fonti del Corallo shopping center in Livorno and Crema, indexed to the 3-month Euribor plus 310 bp, for the purpose of reducing short-term debt;
- new financing contracted with Mediocredito Italiano S.p.A. (Intesa Sanpaolo Group) for a total of €18 million. This is a five-year credit line secured by a mortgage on the Via Rizzoli property in Bologna, indexed to the 6-month Euribor plus 365 bp;
- the restatement to current liabilities of the remaining balance on the Guidonia shopping center mortgage loan with Cassa di Risparmio in Bologna, given the possibility that the bank will exercise its contractual right to call up the loan in full by 27 September 2013;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2013 to current financial liabilities, and the restatement to current financial liabilities of the convertible bond loan maturing on 28 December 2013;
- recalculation of the contingent consideration on a mall.

IGD has also exercised the term out option on the loan with Cassa di Risparmio del Veneto S.p.A. (Intesa Sanpaolo Group), thereby extending the original €30 million mortgage loan until 1 May 2014 at the 6-month Euribor plus 310 bp. During the year IGD renegotiated the terms of the mortgage loan on the Darsena property, held 50% with Beni Stabili S.p.A. SIIQ, and extended its maturity until 30 November 2014.
All mortgage loans are secured by properties.

Covenants

NAME PROPERTY	TYPE OF PRODUCT	COUNTER-PARTY	START DATE	END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)
04 BNL Rimini IGD MALATESTA - Rimini	Loan	Banca Nazionale del Lavoro	06/09/06	06/10/16	Straight-line amortization of principal: €1.9mn p.a.; balloon payment: €10mn 'IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.28		
05 BreBanca IGD MONDOVICINO (hypermarket)	Mortgage	Banca Regionale Europea	23/11/06	10/01/23	Amortization with increasing principal			
12 Coopad Faenza IGD LE MAIOLICHE - Faenza	Mortgage	Coop Adriatica	01/07/08	31/12/19	No amortization of principal; single balloon payment of €15mn			
06 Unipol Lungosavio IGD LUNGO SAVIO - Cesena	Mortgage	Unipol Merchant	31/12/08	31/12/23	Amortization with increasing principal and balloon payment of €3.6mn			
07 Carige Nikefin Asti I BRICCHI - Isola D'Asti (mall)	Mortgage	Banca Carige	31/12/08	31/03/24	Amortization with increasing principal and balloon payment of €9.5mn			
08 Carisbo Guidonia IGD TIBURTINO - Guidonia (mall + hypermarket)	Mortgage	Cassa di Risparmio di Bologna	27/03/09	27/09/13	Straight-line amortization of principal: €4.1mn p.a.; balloon payment: €24mn IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.52		
09 Interbanca IGD Iper LUGO - Ravenna, Iper MAESTRALE - Senigallia, Iper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (mall + hyper.), LE PORTE DI NAPOLI - Afragola (mall + hyper.)	Loan	GE Capital	25/09/06	05/10/21	Amortization with increasing principal Consolidated financial statements: ratio of net debt (including derivative assets liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.52		
10 Mediocredito Faenza IGD LE MAIOLICHE - Faenza	Loan	Mediocredito Banca S.p.A.	05/10/09	30/06/29	Straight-line amortization of principal: €2.8mn p.a. IGD SIIQ S.p.A.: ratio of external net debt to equity + intercompany loans must not exceed 2.7	1.16		
11 - MedioCreval Catania IGD KATANÈ - Catania (hypermarket)	Loan	Credito Valtellinese	23/12/09	31/03/24	Straight-line amortization of principal: €1.4mn p.a. Consolidated financial statements at 31/12: i) debt/equity ≤ 2.30; ii) loan to value ratio of property ≤ 70%	1.38	40.16%	
14 - MPS Palermo Palermo (mall)	Mortgage	Monte dei Paschi di Siena	21/12/10	30/11/25	Amortization with increasing principal and balloon payment of €6.6mn Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) loan to value ratio for the individual property must not exceed 70%	1.52	51.63%	

→

continues Covenants

NAME PROPERTY	TYPE OF PRODUCT	COUNTER-PARTY	START DATE	END DATE	REPAYMENT COVENANT	INDICA-TOR I)	INDICA-TOR II)	INDICA-TOR III)
15 - CENTROBANCA CONE MALL **Conè (mall)**	Loan	Centrobanca	22/12/10	31/12/25	Straight-line amortization of principal: €2.64mn p.a.; balloon payment: €49.5mn 'Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	1.52		
19 - CC IPOTECARIO - TIRAGGI DARSENA (mall + hypermarket)	Credit facility secured by mortgage	Monte dei Paschi di Siena	30/12/10	30/11/14	Single bullet payment of €16.7mn IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 5	1.28		
13 - CR VENETO MONDOVI MONDOVICINO (Retail Park)	Mortgage	Cassa di Risparmio del Veneto	08/10/09	01/05/14	Straight-line amortization of principal: €1.65mn p.a.; balloon payment: €8.55mn 'Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.52		
16 - CENTROBANCA CONE IPER Conè (hypermarket)	Loan	Centrobanca	30/06/11	30/06/16	Straight-line amortization of principal: €0.8mn p.a.; balloon payment: €12.4mn 'Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.52	60.61%	
17 - CARIGE PALERMO IGD Palermo (hypermarket)	Mortgage	Banca Carige	12/07/11	30/06/27	Amortization with increasing principal			
18 - CC IPOTECARIO - TIRAGGI 1st mortgage Crema, 1st mortgage Le Fonti del Corallo	Credit facility secured by mortgage	Cassa di Risparmio di Firenze	20/12/11	19/12/16	Gradual reduction of available credit by €20 mn p.a., from 2015 to maturity IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.52	1.80	59.98%
20 - CC IPOTECARIO - TIRAGGI 2nd mortgage Crema, 2nd mortgage Le Fonti del Corallo	Credit facility secured by mortgage	Intesa Sanpaolo	16/03/12	16/03/17	Gradual reduction of available credit by €1.6 mn p.a.; final payment of €22.8 mn IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.52	1.80	59.98%
21 - RIZZOLI IGD Immobile Via Rizzoli, Bologna	Loan	Mediocredito Banca S.p.A.	06/11/12	30/09/17	Straight-line amortization of principal: €3.6mn p.a. Consolidated financial statements: i) Ratio of net debt to equity no higher than 1.60; ii) loan to value ratio no higher than 0.65	1.52	59.98%	

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 01/01/2011	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2011
Provision for employee severance indemnities	398,069		(65,550)	161,875	19,324	513,718

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 01/01/2012	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2012
Provision for employee severance indemnities	513,718		(29,646)	246,478	25,961	756,511

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	2012	2011
Balance at 1 January	**513,718**	**398,069**
Current cost of service	119,955	111,036
Financial charges	25,961	19,324
Actuarial (gains)/losses	108,845	34,452
(benefits paid)	(11,968)	(49,163)
Balance at 31 December	**756,511**	**513,718**

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	PERSONNEL
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 EMPLOYEE
Cost of living increase	2.00%
Discount rate	3.20%
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	31/12/2011	UTILIZATIONS	ALLOCATIONS	31/12/2012
Provision for taxation	354,959	(147,192)	273,500	481,267
Bonus provision	404,133	(404,133)	451,131	451,131
Other general provisions	295,404	(9,302)	60,000	346,102
Provision for Guidonia penalties	84,049			84,049
TOTAL	**1,138,545**	**(560,627)**	**784,631**	**1,362,549**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission. The allocation refers to an IMU/ICI (municipal property tax) dispute.

Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2013 on the basis of the Group's 2012 estimated results. The utilization refers to the payment made in 2012.

Other general provisions
This amount covers liabilities deemed likely to arise from disputes with third parties.

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. There were no utilizations for settlements in 2012.

Note 29) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Other liabilities	10,713	10,713	0
Total	**10,713**	**10,713**	**0**

Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Parent	*9,322,241*	*9,322,241*	*0*
Security deposits from Coop Adriatica	9,322,241	9,322,241	0
Related parties	*3,520,037*	*3,448,424*	*71,613*
Security deposits from Ipercoop Tirreno S.p.A.	1,128,409	1,105,046	23,363
Security deposits from Unicoop Tirreno	2,366,628	2,318,378	48,250
Security deposits from Vignale Comunicazione	25,000	25,000	0
Total	**12,842,278**	**12,770,665**	**71,613**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. .Security deposits pay interest at the rates provided for by law.

Note 30) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2012	31/12/2011	CHANGE
Due to banks				
Intesa		0	26	(26)
Mps acc. 195923		39,530,456	36,921,531	2,608,925
Banca Pop. Emilia Romagna - hot money	27/12/2012 - 28/01/2013	3,500,000	8,000,000	(4,500,000)
Unicredit - hot money	29/10/2012 - 29/01/2013	10,051,316	10,001,928	49,388
Banca Pop. Emilia Romagna		0	124,501	(124,501)
Banca Regionale Europea		6,625,132	0	6,625,132
Carisbo - hot money	14/12/2012 - 14/01/2013	10,013,972	10,000,893	13,079
BNL - Bologna	12/12/2012 - 12/01/2013	26,000,000	20,000,000	6,000,000
Cassa Risp. Firenze - hot money	22/11/2012 - 10/01/2013	13,041,671	15,011,243	(1,969,572)
Cassa Risp. Firenze - hot money	29/11/2012 - 10/01/2013	2,005,260	0	2,005,260
Banca Popolare di Verona - hot money	non-revolving	0	6,000,000	(6,000,000)
Total		**110,767,807**	**106,060,122**	**4,707,685**
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,871,057	1,933,901	(62,844)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	857,927	885,268	(27,341)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	473,453	445,625	27,828
09 Interbanca IGD	25/09/2006 - 05/10/2021	11,508,115	11,536,601	(28,486)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/09/2013	68,498,257	4,146,177	64,352,080
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,092,444	1,024,229	68,215
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	1,810,150	1,800,869	9,281
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	1,428,571	1,428,571	0
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	2,820,513	2,825,237	(4,724)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	1,784,954	1,781,927	3,027
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,439,279	707,916	731,363
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,640,000	2,643,693	(3,693)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	800,000	801,508	(1,508)
20 Intesa	16/03/2012 - 16/03/2017	1,600,000	0	1,600,000
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	3,709,849	0	3,709,849
Total mortgage loans with banks		**102,334,569**	**31,961,523**	**70,373,045**
Lease for IGD HQ	30/04/2009 - 30/04/2027	274,848	266,083	8,765
Convertible bond	28/06/2007 - 28/12/2013	224,685,126	66,164	224,618,962
Due to other sources of finance		**224,959,974**	**332,247**	**224,627,727**
TOTAL CURRENT FINANCIAL LIABILITIES WITH THIRD PARTIES		**438,062,350**	**138,353,893**	**299,708,457**
Due to parent				
Coop pooled account		207,819	24,389,539	(24,181,720)
Price adjustment for Le Maioliche mall		0	1,000,000	(1,000,000)
Total parent		**207,819**	**25,389,539**	**(25,181,720)**
TOTAL CURRENT FINANCIAL LIABILITIES WITH RELATED PARTIES		**207,819**	**25,389,539**	**(25,181,720)**

Changes in current financial liabilities with third parties relate to:

- the increase in short-term borrowings with banks in the form of account overdrafts;
- the current portion of new credit facilities and mortgage loans taken out during the year;
- the restatement of the remaining balance on the Guidonia mortgage loan, as mentioned in Note 26;
- the current portion of outstanding mortgage loans, including interest accrued;
- the restatement of the convertible bond loan as mentioned in Note 26.

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%.
Due to the increase in share capital excluding subscription rights carried out in accordance with the extraordinary general meeting resolution of 19 April 2012, the conversion price of the bond loan has been adjusted, pursuant to Art. 6(vi) of the Bond Regulations, from €2.75 to €2.7257 with effect from the date on which the new shares are issued. Therefore, the maximum amount of the capital increase used to service the convertible bonds has been adjusted to €82,469,643.61 (recalculated in accordance with the accounting par value given by the figures stated in Art. 6.1 of the by-laws), to be raised in one or more installments through the issue of up to 84,381,994 ordinary shares.
Financial liabilities with third parties include the current portion of lease payments on the new head office.

Current financial liabilities with related parties at 31 December 2012 decreased as a result of:
- the elimination of the negative balance of the pooled account with the parent, Coop Adriatica. The remaining €207,189 refers to interest expense accrued on that account for the second half of 2012;
- the payment in February 2012 of the price adjustment on the purchase of Faenza Sviluppo S.r.l., owner of Le Maioliche shopping center, which wiped out the debt with the parent.

Note 31) Net financial position

The table below presents the net financial position at 31 December 2012 and 31 December 2011. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute financial assets or liabilities.

NET FINANCIAL POSITION	31/12/2012	31/12/2011
Cash and cash equivalents	(3,278,922)	(2,846,961)
Financial receivables and other current financial assets w. related parties	(16,439,510)	(17,034,187)
Financial receivables and other current financial assets	(21,425)	(277,819)
LIQUIDITY	**(19,739,857)**	**(20,158,967)**
Current financial liabilities w. related parties	207,819	25,389,539
Current financial liabilities	110,767,807	106,060,123
Mortgage loans - current portion	102,334,569	31,961,523
Leasing - current portion	274,848	266,083
Convertible bond loan - current portion	224,685,126	66,164
CURRENT DEBT	**438,270,169**	**163,743,432**
CURRENT NET DEBT	**418,530,312**	**143,584,465**
Non-current financial liabilities due to other sources of finance	5,956,322	6,842,181
Leasing - non-current portion	5,443,753	5,718,601
Non-current financial liabilities	456,316,289	511,834,468
Non-current financial liabilities w. related parties	15,000,200	15,000,200
Convertible bond loan	0	219,465,808
NON-CURRENT NET DEBT	**482,716,564**	**758,861,258**
NET FINANCIAL POSITION	**901,246,876**	**902,445,723**

Note 32) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2012	31/12/2011	CHANGE
Trade payables	**3,408,166**	**4,915,849**	**(1,507,683)**

The decrease in trade and other payables is mostly due to the payment of suppliers for construction and contract work on the restyling of the Esp shopping center.

Note 33) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2012	31/12/2011	CHANGE
Parent	4,143,171	1,854,885	2,288,286
Other related parties:	226,804	801,832	(575,028)
Consorzio Lame	37,947	58,022	(20,075)
Consorzio La Torre - PA	40,159	113,837	(73,678)
Consorzio Conè	0	59,972	(59,972)
Consorzio Katanè	81,427	27,038	54,389
IGD Management S.r.l.	12,387	15,881	(3,494)
Librerie Coop	*0*	*1,440*	*(1,440)*
Consorzio Forte di Brondolo	*31,271*	*317,277*	*(286,006)*
Consorzio I Bricchi	*0*	*200,565*	*(200,565)*
Consorzio Proprietari Leonardo	*8,677*	*7,800*	*877*
Consorzio Proprietari Gran Rondò	*14,936*	*0*	*14,936*
Total related parties	**4,369,975**	**2,656,717**	**1,713,258**

See Note 38 for comments.

Note 34) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2012	31/12/2011	CHANGE
IRPEF incl. regional and municipal surtax	333,209	317,212	15,997
IRAP	1,288	0	1,288
City of Ferrara	0	251,650	(251,650)
Substitute tax for SIIQ status	0	6,723,560	(6,723,560)
Total current tax liabilities	**334,497**	**7,292,422**	**(6,957,925)**

For 2012 this item consists essentially of employee withholding tax; the substantial decrease with respect to the previous year is due to the payment, on 16 June 2012, of the fifth and final installment of the SIIQ entry tax.

Note 35) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Social security	180,252	175,517	4,735
Insurance	11,000	11,000	0
Due to employees	297,706	286,181	11,525
Security deposits received	2,253,564	2,244,981	8,583
Unclaimed dividends	648	569	79
Advances due within one year	1,350	1,350	0
Other	179,188	229,189	(50,001)
Total other liabilities	**2,923,708**	**2,948,787**	**(25,079)**

These consist mainly of security deposits received from tenants.

Note 36) Related party other current liabilities

RELATED PARTY OTHER CURRENT LIABILITIES	31/12/2012	31/12/2011	CHANGE
Due for tax consolidation	235,936	230,346	5,590
Other payables	14,484	18,435	(3,951)
Total other liabilities with related parties	**250,420**	**248,781**	**1,639**

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 IGD Management 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 €235,936 at 31 December 2012 was made up as follows:

- €23,651 for the transfer of taxable income and IRES credits to the 2012 tax consolidation scheme by Millennium Gallery S.r.l.;
- €139,329 for the transfer of taxable income and IRES credits to the 2012 tax consolidation scheme by Porta Medicea S.r.l.;
- €72,956 due to IGD Management S.r.l. for taxable income and IRES credits transferred to the tax consolidation scheme for the years 2008 to 2011, as a result of the refund requested for those years for the deduction of a portion of IRAP from taxable income for IRES purposes.

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 2012, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 19 April 2012 (the AGM that approved the 2011 financial statements), a dividend of €0.08 was paid for each of the 298,272,669 shares outstanding, for a total of €23,861,814.

Note 38) Related party disclosures

IGD SIIQ S.p.A., the parent company, controls 100% of IGD Management S.r.l., Millennium Gallery S.r.l. and IGD Property SIINQ S.p.A.; 52% of Consorzio dei Proprietari Centro Leonardo; 72.25% of Consorzio I Bricchi; and 100% of Consorzio Forte di Brondolo (in liquidation). Below is the information required by paragraph 18 of IAS 24.

RELATED PARTY DISCLOSURE	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	17,822	21,762	4,143,171	9,322,241	15,208,019	3,688,603	136,000	0
Robintur spa	932	0	0	0	0	0	0	0
Librerie.Coop spa	13,594	0	0	0	0	0	0	0
Unicoop Tirreno scarl	14,431	0	14,484	2,366,628	0	0	0	9,600
IGD Property spa	205	0	0	0	0	0	0	0
Vignale Comunicazione srl	55,180	0	0	25,000	0	0	0	0
Ipercoop Tirreno spa	0	0	0	1,128,409	0	0	0	0
Ipercoop Sicilia	24,198	0	0	0	0	0	0	0
IGD Management S.r.l.	348,715	6,223,450	85,343	0	0	0	0	0
Millennium Gallery srl	0	10,194,298	23,651	0	0	0	0	0
Porta Medicea srl	110,688	0	139,329	0	0	0	0	0
Viaggia con noi	3,634	0	0	0	0	0	0	0
Cons.Forte di Brondolo	1,963	0	31,271	0	0	0	198,163	0
Consorzio Proprietari Leonardo	0	0	8,677	0	0	0	11,101	0
Consorzio Bricchi	0	0	0	0	0	0	0	0
Consorzio Lame	0	0	37,947	0	0	0	96,568	0
Consorzio Katanè	0	0	81,427	0	0	0	0	0
Consorzio Conegliano	159	0	0	0	0	0	0	0
Consorzio Palermo	0	0	40,159	0	0	0	0	0
Consorzio Crema	0	0	14,936	0	0	0	41,075	0
Winmarkt management srl	0	0	0	0	0	0	0	0
Winmagazine S.a.	0	0	0	0	0	0	0	0
Total	**591,521**	**16,439,510**	**4,620,395**	**12,842,278**	**15,208,019**	**3,688,603**	**482,907**	**9,600**
Amount reported	**11,455,952**	**16,460,935**	**10,952,269**	**12,852,991**	**920,986,733**	**214,436,264**	**1,496,357,865**	**1,496,357,865**
Total increase/ decrease for the period							**13,363,892**	**12,720**
% of total	**5.16%**	**99.87%**	**42.19%**	**99.92%**	**1.65%**	**1.72%**	**3.61%**	**75.47%**

RELATED PARTY DISCLOSURES	ADVANCES DUE TO SUPPLIERS FOR NON-CURRENT ASSETS IN PROGRESS	REVENUES - OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica scarl	0	22,672,489	0	2,228,572	1,340,839
Robintur spa	0	170,045	0	19,256	0
Librerie.Coop spa	0	519,452	0	108	0
Unicoop Tirreno scarl	0	5,356,842	0	100,235	0
IGD Property spa	0	205	0	0	0
Vignale Comunicazione srl	0	467,500	0	0	0
Ipercoop Tirreno spa	0	2,134,319	0	0	71,613
IPK SICILIA	0	4,579,827	0	0	0
IGD Management S.r.l.	0	120,498	198,727	2,400	325
Millennium Gallery srl	0	3,253,000	319,988	0	0
Porta Medicea srl	15,948,800	189,500	0	0	0
Viaggia con noi	0	2,917	0	0	0
Cons.Forte di Brondolo	0	0	0	53	0
Consorzio Proprietari Leonardo	0	0	0	9,718	0
Consorzio Bricchi	0	0	0	636,483	0
Consorzio Lame	0	0	0	3,340	0
Consorzio Katanè	0	0	0	174,092	0
Consorzio Conegliano	0	0	0	163,015	0
Consorzio Palermo	0	0	0	128,579	0
Consorzio Crema	0	0	0	2,445	0
Winmarkt management srl	0	0	0	0	0
Winmagazine S.a.	0	0	0	0	0
Total	**15,948,800**	**39,466,594**	**518,715**	**3,468,296**	**1,412,777**
Amount reported	**58,628,646**	**89,960,466**	**585,208**	**21,110,194**	**40,319,126**
% of total	**27.20%**	**43.87%**	**88.64%**	**16.43%**	**3.50%**

IGD SIIQ S.p.A. has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Viaggia Con Noi S.r.l. and Librerie Coop S.p.A.), with various 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;
- an outstanding loan.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. 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 part of the third floor of the building that houses IGD SIIQ's head office.Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets.
Transactions with Unicoop Tirreno and 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 two rental agreements with Vignale Comunicazione, for the malls in Mondovì and Asti. Both of these run from 1 January 2012 to 31 December 2014.
Transactions with Consorzio Forte di Brondolo, in liquidation since 8 February 2012, concern payables and costs for construction work on the land in Chioggia.
The transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Consorzio Crema and Consorzio Bricchi refer to service charges for vacant units.

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 43.87% 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 net debt/equity ratio at 1.5% or below (the ratio at 31 December 2012 was 1.38%, unchanged since the previous year).
2. keeping the loan-to-value ratio under 60% (it was 57.15% 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	31/12/2012	31/12/2011	CHANGE	LEVEL
Derivative assets	149,898	201,843	(51,945)	2
Derivative liabilities	(40,442,792)	(22,711,645)	(17,731,147)	2
Interest rate swaps - net effect	**(40,292,894)**	**(22,509,802)**	**(17,783,092)**	

The contracts are detailed below:

	MONTE PASCHI FINANCE 4	ALETTI INTERBANK	BNP INTERBANK	MPS 10198433 (NOW BANCA CRF)	MPS 10201705 (NOW BANCA CRF)	CARISBO 902160165	CARISBO 910270202
Nominal amount	16,923,077	19,756,838	19,756,838	19,756,838	19,756,838	10,974,090	19,756,838
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%

	MPS 87065 (NOW BANCA CRF)	ALETTI ASTI	ALETTI GUIDONIA	CARISBO 100540011	CARISBO 1004290251	MPS 92285	MPS GUIDONIA
Nominal amount	19,756,838	7,943,113	17,180,250	10,590,817	10,339,874	7,943,113	17,180,250
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%

	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	17,180,250	17,180,250	16,071,429	27,525,000	22,110,000	8,844,000	13,266,000	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 2012 the Company had the following purchase commitments:

- 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 IGD Management) and the joint purchase of the Darsena City shopping center, IGD SIIQ S.p.A., as part of the litigation strategy agreed with Beni Stabili, has taken the following action:

- regarding recovery of the rent due on the building leased to Magazzini Darsena:
  - **i.** The Court of Ferrara is addressing two complaints filed in March 2011 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 first ruling, in June 2012, was favorable: Magazzini Darsena was ordered to pay Beni Stabili the rent accrued from the second quarter of 2010 until 4 April 2012 in the amount of €5,229,122.72 plus VAT,* interest and taxes; the second ruling against Darsena F.M. S.r.l. has been postponed in order to quantify the sublease rent not paid.
  - **ii.** IGD SIIQ S.p.A. and Beni Stabili, given the ongoing insolvency of the sellers Magazzini Darsena and Darsena F.M., jointly petitioned the bankruptcy section of the Court of Ferrara (each with respect to its own credit positions) to declare the bankruptcy of Magazzini Darsena S.p.A. and Darsena F.M. This was ruled to be impossible as the companies had already filed their requests for composition with creditors. Subsequently, on 15 May 2012, the Court of Ferrara declared that the composition proceedings were now in course for both companies, Darsena F.M. and Magazzini Darsena, and set the date of the creditors' meeting. At the session of 26 June, the bankruptcy judge did not open the creditors' meeting and postponed it for technical reasons until the session of 18 September 2012 pursuant to Decree Law 74/2012 (provisions concerning the earthquake in Emilia), at which time it was postponed automatically until 22 January 2013 and then to 9 July 2013.

In 2012 IGD SIIQ was also summoned to court by Magazzini Darsena and Darsena FM regarding the management agreement of Darsena City shopping center. IGD SIIQ appeared in court and filed a statement and related pleadings; the dispute is currently pending. Because IGD SIIQ's legal advisors believe that the plaintiff's claims are not supported by sufficient evidence or legal grounds, the Company has recognized no liability in this regard.

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 €645 thousand.

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 was 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 2012 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 items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2012 and 31 December 2011:

CLASSIFICATION 31/12/2012	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			185,454,524					185,454,524		185,454,524	185,454,524
- down payment for purchase of shares			-					-			-
- due from others			3					3		3	3
- security deposit			35,045					35,045		35,045	35,045
- beneficial interest			3,766,855					3,766,855		3,766,855	3,766,855
Financial assets								-			-
Trade and other receivables								-			-
- trade receivables			9,563,318					9,563,318	9,563,318		9,563,318
- due from others								-			-
- other receivables								-			-
- advances paid to suppliers								-			-
Related party trade and other receivables								-			-
- parent			17,822					17,822	17,822		17,822
- subsidiaries								-			-
- other related parties			233,744					233,744	233,744		233,744
Other assets								-			-
- monthly advances								-			-
- due from insurer			-					-	-		-
- accrued income and prepayments			271,096					271,096	271,096		271,096
- other			227,146					227,146	227,146		227,146
Financial assets for Interest rate swaps							149,898	149,898		149,898	149,898
Financial receivables and other financial assets								-	-		
- related parties			16,417,748					16,417,748	16,417,748		16,417,748
- subsidiaries								-	-		-
- parent			21,762					21,762	21,762		21,762
- other financial assets			21,425					21,425	21,425		21,425
Cash and cash equivalents								-	-		-
- cash and cash equivalents at banks, financial institutions and post offices			3,234,288					3,234,288	3,234,288		3,234,288
- cash on hand			44,634					44,634	44,634		44,634
Total financial assets	**-**	**-**	**219,309,410**	**-**	**-**	**-**	**149,898**	**219,459,308**	**30,052,983**	**189,406,325**	**219,459,308**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							40,442,792	40,442,792		40,442,792	40,442,792
- due to banks						110,767,807		110,767,807	110,767,807		110,767,807
- due to other sources of finance						5,956,322		5,956,322		5,956,322	5,956,322
- leasing						5,718,601		5,718,601	274,848	5,443,753	4,998,148
- convertible bond						224,685,126		224,685,126	224,685,126		223,412,708
- mortgage loans with banks						558,650,858		558,650,858	102,334,569	456,316,289	530,679,101
Related party financial liabilities								-			-
- to subsidiary								-			-
- to parent						15,208,019		15,208,019	207,819	15,000,200	15,208,019
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
- related parties						3,520,037		3,520,037		3,520,037	3,520,037
Trade and other payables						**3,408,166**		**3,408,166**	**3,408,166**		**3,408,166**
Related party trade and other payables								-			-
- parent						4,143,171		4,143,171	4,143,171		4,143,171
- subsidiaries								-			-
- related parties						226,804		226,804	226,804		226,804
Other liabilities											-
- accrued liabilities and deferred income						-		-			-
- insurance						11,000		11,000	11,000		11,000
- security deposit received						2,253,564		2,253,564	2,253,564		2,253,564
- other liabilities						181,186		181,186	181,186		181,186
Related party other liabilities						**14,484**		**14,484**	**14,484**		**14,484**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**944,078,099**	**40,442,792**	**984,520,891**	**448,508,543**	**536,012,347**	**954,556,263**

CLASSIFICATION 31/12/2011	BOOK VALUE										
	Financial assets/ liabilities designated at fair value	Held for trading finan-cial assets/ liabilities measured at fair value	Receiva-bles and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amorti-zed cost	Hedging instru-ments	total	of which: current	of which: non current	Fair value
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 deposit			27,724					27,724		27,724	27,724
- beneficial interest			1,907,345					1,907,345		1,907,345	1,907,345
Financial assets								-		-	-
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 insurer			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								**-**	**-**		
- 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	**-**	**-**	**216,261,863**	**-**	**-**	**-**	**201,843**	**216,463,706**	**29,524,743**	**186,938,963**	**216,463,706**
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
- 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								-			-
- 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 deposit 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**

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 2012 a credit spread of 3.50% was applied (unchanged since the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

COLLATERAL GIVEN	CARRYING VALUE	
	31/12/2012	31/12/2011
Security deposits		
- Sundry receivables and other assets	35,045	27,724
- Other current assets		

The following table shows the impairment of trade receivables:

IMPAIRMENT	SVALUTAZIONE CREDITI COMMERCIALI	
	31/12/2012	31/12/2011
Opening balance	**6,677,755**	**3,541,151**
Transfers		
Allocations		
- for individual writedowns	3,064,674	3,137,528
Utilizations	**-400,364**	**-924**
Impairment reversals		
Other movements		
Total	**9,342,065**	**6,677,755**

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 -€12,206,241 in 2012 and to -€12,426,975 in 2011.

	CARRYING VALUE						
INCOME STATEMENT 31/12/2012 NET GAIN (LOSS)	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 INSTRU-MENTS
Sundry receivables and other assets							
Financial assets							**-8,941,646**
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			-3,064,674				
Total	**-**	**-**	**-3,064,674**	**-**	**-**	**-**	**-8,941,646**

	CARRYING VALUE						
INCOME STATEMENT 31/12/2011 NET GAIN (LOSS)	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 INSTRU-MENTS
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**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	31/12/2012	31/12/2011
Interest income on financial assets not measured at fair value		
- Deposits	66,112	129,516
- Sundry receivables and other assets		42,996
- From parent	-	6,814
- From affiliates	518,715	632,779

INTEREST EXPENSE	31/12/2012	31/12/2011
Interest expense on financial assets not measured at fair value		
- Security deposits	304,669	176,568
- Deposits	3,167,120	2,216,180
- Trade and other payables		
- Sundry payables and other liabilities	406,509	261,578
- To parent	1,107,783	857,836
- To affiliates	-	-
- Financial liabilities		
- Convertible bond	13,203,154	12,873,662
- Leasing	133,603	179,638
- Mortgage loans	13,054,317	13,822,118
- Interest capitalized	-	-

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 in the statement of financial position 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	31/12/2012	31/12/2011
Receivables and loans		
Sundry receivables and other assets	35,048	27,727
Trade and other receivables	9,563,318	8,315,030
Related party trade and other receivables	251,566	349,552
Other assets	498,242	701,194
Cash and cash equivalents	3,234,288	2,807,903
Financial receivables and other financial assets	16,439,510	17. 312,006
Due from third parties (securities)		
Hedging instruments	**149,898**	**201,843**
Guarantees		
Total	**30,171,870**	**29,715,225**

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 31/12/2012 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 – 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Trade and other payables								
Mortgage loans	3,993,434	7,450,331	12,922,902	24,528,004	66,082,228	229,421,658	340,995,353	685,393,908
Leasing	31,281	62,614	93,866	188,824	385,811	1,263,721	5,258,515	7,284,633
Convertible bond	0	0	4,025,000	234,025,000	0	0	0	238,050,000
Short-term credit lines	110,859,869	0	0	0	0	0	0	110,859,869
Other liabilities								
Related party payables	0	0	0	0	0	0	0	0
Sureties								
Commitments and risks								
Total	**114,884,585**	**7,512,945**	**17,041,768**	**258,741,828**	**66,468,039**	**230,685,378**	**346,253,868**	**1,041,588,410**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,264,170	1,119,000	2,764,961	5,110,850	9,212,454	16,781,230	4,045,920	40,298,585
Total	**1,264,170**	**1,119,000**	**2,764,961**	**5,110,850**	**9,212,454**	**16,781,230**	**4,045,920**	**40,298,585**
EXPOSURE AT 31 DECEMBER 2012	**116,148,754**	**8,631,945**	**19,806,729**	**263,852,678**	**75,680,492**	**247,466,608**	**350,299,788**	**1,081,886,995**

MATURITY ANALYSIS AT 31/12/2011 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 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	95,676,109	10,067,488						105,743,597
Other liabilities								
Related party payables	24,017,189							24,017,189
Sureties								
Commitments and risks								
Total	**124,154,870**	**14,064,676**	**14,126,927**	**38,767,205**	**274,148,702**	**178,507,450**	**290,431,658**	**934,201,488**
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	**124,946,651**	**14,639,542**	**16,069,503**	**42,704,345**	**281,778,699**	**189,858,436**	**288,992,448**	**958,989,623**

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	
		31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Interest-bearing assets	**Euribor**	**30,211**	**128,349**	**-3,021**	**-100,270**				
Hot money	**Euribor**	**-1,106,646**	**-1,055,132**	**110,665**	**527,566**				
Floating rate financial liabilities	**Euribor**	**-5,821,390**	**-5,456,674**	**582,139**	**2,728,337**				
Derivatives	**Euribor**								
- cash flow		3,797,925	3,753,972	-379,793	-1,876,986				
- fair value						20,910,532	22,686,979	-2,193,574	-9,178,361
Total		**-3,099,900**	**-2,629,485**	**309,990**	**1,278,647**	**20,910,532**	**22,686,979**	**-2,193,574**	**-9,178,361**

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/-10 basis points (+100/-50 basis points the previous year);
- 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 2012 and 2011.

The method used to analyze and determine significant variables has not changed since the previous year.

6.7 Management and coordination

IGD SIIQ S.p.A. 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:

	2011	2010
BALANCE SHEET (per Civil Code Art. 2424)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,563,162,430	1,560,130,738
C) - CURRENT ASSETS	2,053,840,567	2,016,052,780
D) - ACCRUED INCOME AND PREPAYMENTS	12,377,363	10,628,784
TOTAL ASSETS	**3,629,380,359**	**3,586,812,302**
EQUITY AND LIABILITIES		
A) - NET EQUITY	882,877,432	866,010,272
B) - GENERAL PROVISIONS	19,921,115	25,928,171
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	72,162,068	73,604,452
D) - PAYABLES	2,849,920,990	2,616,858,385
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	4,498,753	4,411,021
TOTAL EQUITY AND LIABILITIES	**3,829,380,359**	**3,586,812,301**
MEMORANDUM ACCOUNTS	**562,488,288**	**417,408,114**
INCOME STATEMENT (per Civil Code Art. 2425)		
A) - PRODUCTION VALUE	2,116,251,844	2,044,327,882
B) - PRODUCTION COSTS	-2,125,357,303	-2,046,447,674
C) - FINANCIAL INCOME AND CHARGES	67,090,675	52,127,423
D) - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-33,815,180	-27,480,172
E) - EXTRAORDINARY INCOME AND CHARGES	5,494,669	23,201,972
INCOME TAXES	-13,721,587	-18,087,017
NET PROFIT	**15,943,118**	**27,642,414**

6.8 Information pursuant to Art. 149 *duodecies* of Consob's regulations for issuers

The following chart, prepared in accordance with Art. 149 duodecies of Consob's regulations for issuers, shows the fees pertaining to 2012 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.	116,024
Opinion on share capital increase	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	102,980
Other services	Ernst & Young Financial-Business Advisors S.p.A.	IGD SIIQ S.p.A.	63,000
Total			**282,004**

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 2012.

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, 28 February 2013

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).

28 February 2013

Gilberto Coffari
Chairman of the Board of Directors

List of equity investments

NAME	REGISTERED OFFICE	SHARE CAPITAL	NET PROFIT (IN EUR) (*)	NET EQUITY (IN EUR) (*)	% HELD	CONTROL	NUMBER OF SHARES/ QUOTAS	CARRYING VALUE (IN EUR)
IGD Management s.r.l.	Ravenna Via Villa Glori 4	€ 75,071,221	104,028	179,254,952	100%	IGD SIIQ S.p.A.	75,071,221	€ 170,183,477
Millennium Gallery s.r.l	Ravenna Via Villa Glori 4	€ 100,000	-311,329	265,008	100%	IGD SIIQ S.p.A.	100,000	€ 14,463,025
Porta Medicea s.r.l.	Bologna Via Trattati Comu-nitari Europei 1957 2007, 13	€ 60,000,000	-683,143	58,380,419	80%	IGD Management srl	48,000,000	€ 51,900,078
WinMagazin S.A.	Bucarest Romania	113.715,3 Lei	2,553,781	37,032,255	0.10%	IGD SIIQ S.p.A.	114	€ 185,618
					99.90%	IGD Management srl	113,602	€ 169,314,548
Winmarkt management s.r.l.	Bucarest Romania	1.001.000 Lei	59,424	470,961	100.00%	Win Magazin S.A.	1,001,000	783.481,1 Lei
IGD Property SIINQ S.p.A.	Ravenna Via Villa Glori 4	€ 150,000	-4,830	390,170	100%	IGD SIIQ S.p.A.	150,000	€ 395,000
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

(*) per separate financial statements of the subsidiaries

6.11 External Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

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 2012 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 23 March 2012.
3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2012 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.

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

ERNST & YOUNG

5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Director's Report and the Report on Corporate Governance and the Ownership Structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented 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) in the Report on Corporate Governance and the Company's Ownership Structure, 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 Report on Operations and the information presented 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) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2012.

Bologna, Italy
25 March 2013

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.

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: € 405,015,558.69, €322,545,915.08 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, as well as comment on the proposed amendments to the corporate bylaws.
- Art. 13 of the Legislative Decree requires the Board of Statutory Auditors to prepare a motivated opinion to be submitted to the Annual General Meeting regarding the granting of the financial audit assignment for the period 2013-2021, as the mandate of the current firm Reconta Ernst & Young spa expires upon the approval of the financial statements at 31.12.2012.

This report complies with these provisions, as well as with Art. 2429 of the Italian Civil Code.

* * * * *

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, now the Control and Risk Committee, the Supervisory Board, the Nominations and 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 20 April 2011 the shareholders, approved: (i) the full year financial statements; (ii) payment of a dividend of €0.08 per outstanding share; (iii) renewed the authorization for the purchase of treasury shares for a period of up to 18 months, as well as the authorization to sell treasury shares; (iv) renewed corporate bodies: Board of Directors and the Board of Statutory Auditors for the three year period: 2012-2013-2014 and approved amendments to the following articles of the corporate bylaws: 16 (Board of Directors) and 26 (Board of Statutory Auditors) in order to comply with Law 120 of 12 July 2011 with seeks to promote gender equality in the composition of corporate bodies; (v) approved a capital increase against payment reserved exclusively for shareholders entitled to receive the 2011 dividend. . The shareholders who decide to subscribe will be offered the possibility to reinvest a part, not to exceed 80%, of their dividend. This transaction, the first DRO - Dividend Reinvestment Option in Italy, is common practice in other countries. The proposal for the capital increase was submitted to Consob and authorization to publish the relative documents was issued on 16 May. At the end of the offer period (21 May-1 June 2012) 20,776,022 shares or 69.65% of the total shares offered were subscribed. Following the capital increase the share capital is now equal to € 322,545,915.08, which represents an increase in the capital of € 13,296,654.08.

- The shareholders Coop Adriatica and Unicoop Tirreno updated the Shareholders' Agreement following the DRO, extending the duration through 30 June 2013. After the above mentioned transaction the two shareholders hold the following percentages of the share capital:
  - Coop Adriatica 42.773%
  - Unicoop Tirreno 15.184%
- During the Shareholders' Meeting held in extraordinary session on 11 April 2012, Immobiliare Larice srl changed its name to IGD Management srl.
- The subsidiary Immobiliare Larice srl (now IGD Management srl) exercised its call option and acquired 20% of Porta Medicea from. The shareholders of Porta Medicea now are:
  - IGD Management srl, with 80% of the share capital;
  - F.IM.PAR.CO spa, with 20% of the share capital.

<u>Investments - IGD SIIQ Spa</u>

♦ No properties were purchased during the year but, in line with the Business Plan, investments were made primarily in expansion and restyling (Committed Pipeline) in order to improve the quality of the current portfolio. Investments focused on: (i) Centro Esp in Ravenna; (ii) the mall in Centro d'Abruzzo, found in the province of Chieti; (iii) the Retail Park in Chioggia where the urbanization works continued.

The investments made by subsidiaries include: (i) continuation of the work, through the subsidiary Porta Medicea, on the Mazzini area to be used for both residential and commercial units and (ii) the launch of a detailed plan for extraordinary maintenance of the properties of the Romanian subsidiary.

Financing

- Two agreements were signed with two institutions that are part of the Intesa S. Paolo Group, both of which are guaranteed by company properties. The loans were stipulated with: (i) Intesa S. Paolo spa for a total of €30 million, (ii) Medio Credito Italiano spa for a total of €18 million; IGD also exercised the term out option on the loan with Cassa di Risparmio del Veneto S.p.A. (Gruppo Bancario Intesa Sanpaolo), extending the maturity of the original €30 million mortgage loan to 1 May 2014 and renegotiated the mortgage on the "Darsena" property in the name of both (50/50) IGD and Beni Stabili S.p.A. SIIQ and extended the maturity to 30 November 2014.

* * *

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 2012 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 19 April 2012 the Company's shareholders approved payment of a dividend of € 0.08 per share totalling € 23.861 million, 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 2012 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 reliable 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 2012 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, as well as on the interim management statements, including the half-year financial report. 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 25 March 2013 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 one complaint pursuant to Art. 2408 of the Italian Civil Code from a shareholder via certified email dated 22 July 2012 which stated that "*the Company, who held its Annual General Meeting on 19 April 2012, filed incomplete minutes of the ordinary and extraordinary meeting with Borsa Italiana S.p.A.. The same incomplete minutes were published on the Company's website. The minutes do not contain, not even as an attachment, a list of the shareholders in attendance personally or via proxy, a very serious matter as it's not clear who voted for, against or abstained. With regard to the extraordinary session, in addition to the lists, the amended bylaws were also missing*".

The Board of Statutory Auditors acknowledged the Company's failure to send the minutes with the attachments, due to a mere technical problem, and noted that on 30 July 2012 the Company published the missing documentation on its website. The Board of Statutory Auditors, namely its Chairman, advised the complaining party of same via registered mail on 31 July 2012.

6. COMPLAINTS RECEIVED AND ACTIONS TAKEN.

In 2012 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 the assignment granted Reconta Ernst & Young S.p.A. for the financial audit of the separate and consolidated financial statements expires upon approval of the financial statements at 31 December 2012. The fees matured for these activities in 2012 amounted to €116 thousand, including expenses and Consob charges. Ernst & Young spa also charged €102.9 thousand, including expenses and Consob charges, for preparing a fairness opinion as to whether or not the price of the shares issued following the capital increase without pre-emption rights pursuant to Art. 2441 of the Italian Civil Code reflected market value or not. The Company also granted Ernst & Young Financial Business Advisor Spa the assignment, which is still underway, to assist in the definition and implementation of the ERM – Enterprise Risk Management project and the Business Plan Assessment. The fees matured in 2012 for these activities amounted to €63 thousand.

The financial audit of the Romanian subsidiaries (Win Magazin S.A. e Winmarkt Management S.A.) was performed by Ernst & Young Assurance Service Srl which received fees of €33 thousand for completing the assignment.

In 2012 Reconta Ernst & Young S.p.A. also received €35 thousand for carrying out the activities called for under Art. 14 of Legislative Decree. 39/2010 and 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 2012 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 2012

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, credit recovery, 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 2012:

- The Board of Directors met more often than as indicated in the financial calendar, for a total of 8 meetings.
- The Board of Statutory Auditors met more frequently than required by law (every ninety days). The statutory auditors met on 9 times in 2012. 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 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, now the Control and Risk Committee; (ii) Committee for Related Party Transactions; (iii) Supervisory Board; (iv) Nominations and 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 (now the Control and Risk Committee), the Committee for Related Party Transactions, 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.
The Company's organizational structure appears to be adequate and to meet the company's needs.
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, now the Risk and 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, now the Control and Risk 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 Work Plan.

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, now the Control and Risk 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 Control and Risk Committee prepared a report on its activities in 2012.

Based on the controls performed and the information obtained during periodic meetings with the Internal Control Committee, now the Control and Risk Committee, Head of 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 THE 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 Company’s needs in 2012.

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 key IGD SIIQ SPA 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 under the law.

The Company is fully able to exercise management and coordination of its subsidiaries as specified under the 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 OF THE CORPORATE GOVERNANCE COMMITTEE.

The Company, since its IPO (11 February 2005), has complied 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 through the adoption of its own Corporate Governance rules, 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.

During the meeting held on 8 November 2012, the Board of Directors updated its Corporate Governance Regulations in order to comply with the amendments introduced in the new Corporate Governance Code. During the meeting held on 8 November 2012 the Board approved the new “Corporate Governance Regulations” the purpose of which is to identify the roles and responsibilities relating to control and risk management. These Regulations comply with the standards and recommendations found in the latest version of the Corporate Governance Code published by the Borsa Italiana's Committee in December 2011.

The Board of Directors has appointed the following committees from among its members:

- the Control and Risk Committee, formerly the Internal Control Committee, which is comprised of non executive and independent directors. In 2012 the committee held meetings with continuity and in keeping with the Company’s needs. It met five times during the year. Meetings of the Control and Risk Committee are attended by the chairman of the Board of Statutory Auditors or by another designated statutory auditor. The Chairman and Vice Chairman of the Board of Directors, along with the Chief Executive Officer, are invited to attend.
- the Supervisory Board: comprised of three independent directors. In 2012 it met as deemed appropriate based on 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 Internal Audit on monitoring and limiting risk exposure;

- the Nominations and Compensation Committee: this committee was formed in 2012; during the meeting held on 19 April 2012, in order to comply with the Corporate Governance Code, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee". The Committee consists of three non-executive independent directors. the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer are entitled to attend committee meetings and the Chairman of the Board of Statutory Auditors may be invited to attend. The combined Committee met four times after 19 April 2012, while prior to this date the Nominations Committee met two times and the Compensation one time.
- the 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 2012 it held five meetings;
- the Committee for Related Party Transactions: comprised of three independent directors. It held one meeting in 2012.

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.

In order to facilitate coordination of the control and risk management activities, the Company deemed it useful and opportune, including after having consulted the parties involved, to define how the coordination of these bodies was to be implemented. The parties involved in these activities include: (i) the Chairman of the Control and Risk Committee; (ii) the Chairman of the Board of Statutory Auditors, including in his role as the point of reference for the Internal Control Committee in relation to financial audit; (iii) the Director in Charge of the Internal Control and Risk Management System ; (iv) the Head of Internal Audit; (v) the Financial Reporting Officer; (vi) the external auditors; (vii) the Chairman of the Supervisory Board. In addition to the Chief Executive Officer, the Lead Independent Director, may be invited to participate in these activities.

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 28 February 2013. 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.

We have no comments to make in this regard.

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. Again, 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 2012, 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 31.12.2012; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2012; 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 2012 which close with a profit of €10,526,329 as presented to you by the Board of Directors, along with the Board of Directors’ proposal to approve a dividend of €0.07 per share, excluding the treasury shares held by the company, for a total of € 22,333,408.

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 (31/12/2012) and on the date of the proposal the Company has 10,976,592 (3.26%) treasury shares, for a total of € 22.1 million.

  The Board of Statutory Auditors found that the purchase of additional treasury shares, in accordance with the law, would not violate Art. 2357 of the Italian Civil Code or the bylaws.

Third item – Granting of the statutory audit assignment for 2013-2021 and determination of the remuneration.

- ♦ The assignment granted the firm Reconta Ernst & Young spa expires upon approval of the financial statements at 31 December 2012. When deciding upon the financial audit firm to propose during the Annual General Meeting for the period 2013-2021, the Board of Statutory Auditors looked at the “big three” accounting firms. The Statutory Auditors then unanimously agreed on PwC Italia spa based on a comparative and global analysis of the offers received as described in detail in the “Motivated opinion for the granting of the financial audit assignment pursuant to and in accordance with Art. 13 and Art. 17, par. 1, of Legislative Decree n. 39 of 27 January 2010” attached.

ANNUAL GENERAL MEETING OF SHAREHOLDERS: Extraordinary session

First item – Amendment of Articles 16, 26 and 31 of the corporate bylaws; related and consequent resolutions.

We find the information provided by the Board of Directors in its Report regarding the proposed amendments of Articles 16, 26 and 31 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 to be adequate and complete, including in light of the Consob resolution dated 8 February 2012 which introduced a new Article 144 – *undecies* in Consob Regulation 11971/99 and became effective on 18 February 2012. The proposed amendments which were both described in the Board of Directors’ report call for the introduction of additional criteria to be used to select individual members of the bodies in order to guarantee equal gender opportunities during the voting process. The comparison of the proposed bylaw amendments provided facilitated comprehension of the changes proposed.

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. Motivations and methods which were part of the same motion presented last year.

* * * * *

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 Annual General Meeting held on 19 April 2012.

Bologna, 26 March 2013

The Board of Statutory Auditors

signed

(Romano Conti)

(Pasquina Corsi)

(Roberto Chiusoli)

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.

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.

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.

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.

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 2013

Grafica e impaginazione
R. Bertuccioli

Stampa
Fasertek


expert

REGISTERED OFFICE

via Agro Pontino, 13
48100 Ravenna
(Italy)

HEADQUARTERS

via Trattati Comunitari
Europei 1957-2007, 13
40127 Bologna
Italy

t. +39 051 509111
f. +39 051 509247
www.gruppoigd.it
info@gruppoigd.it

igd SIIQ
SPACES TO BE LIVED IN