IGD GROUP

Consolidated quarterly report

as at 31.12.05

INDEX

Executive structure

BOARD OF DIRECTORS

- CHAIRMAN
  GILBERTO COFFARI

- VICE CHAIRMAN
  SERGIO COSTALLI

- MANAGING DIRECTOR
  FILIPPO-MARIA CARBONARI

- DIRECTORS
  MAURO BINI
  ARISTIDE CANOSANI (*)
  FABIO CARPANELLI
  MAURIZIO FILIPPINI (*)
  MASSIMO FRANZONI (*)
  FRANCESCO GENTILI
  FERNANDO PELLEGRINI
  STEFANO POZZOLI
  LORENZO ROFFINELLA
  RICCARDO SABADINI
  FRANCESCO SANTI

(*) MEMBERS OF OVERSIGHT COMMITTEE

BOARD OF STATUTORY AUDITORS

- CHAIRMAN
  ROMANO CONTI
- REGULAR AUDITORS
  FRANCO GARGANI
  MASSIMO LAZZARI

Auditing Firm

Reconta Ernst&Young S.p.A.

INFORMATION ON OPERATIONS

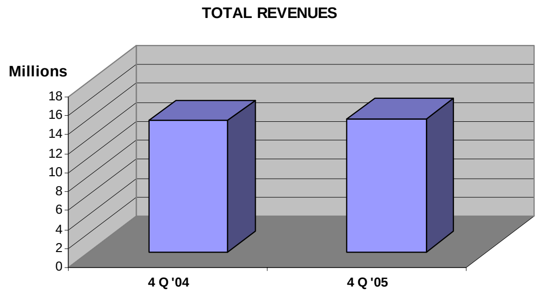
The IGD Group quarterly report for the fourth quarter of 2005 and the figures used for comparison have been prepared in accordance with International Financial Reporting Standards (IFRS).

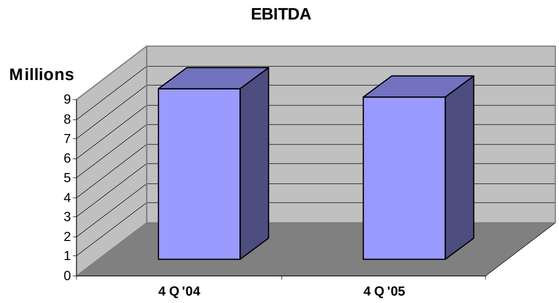
Analysis of primary economic data

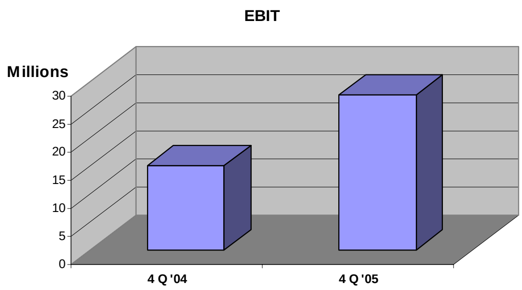
Economic results as at 31.12.05 may be summarised as follows:

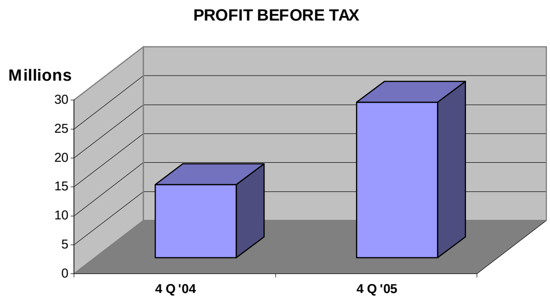
INCOME STATEMENT

	4 Q '04	4 Q '05	1 Y '04	1 Y '05
Revenue	12.768.115	13.064.347	48.690.345	51.242.144
Other income	1.090.106	955.410	2.497.880	1.919.040
TOTAL REVENUES	**13.858.221**	**14.019.757**	**51.188.225**	**53.161.184**
Purchase of materials and outside services	4.298.986	9.170.006	15.288.858	25.076.278
Staff costs	365.213	749.891	1.236.023	1.870.786
Other operating costs	728.281	936.570	2.297.316	2.409.465
Changes in inventories	-266.862	-5.142.406	-266.862	-9.538.883
EBITDA	**8.732.603**	**8.305.696**	**32.632.890**	**33.343.538**
Amortisation and depreciation	91.060	-62.593	368.097	321.061
Capital gains/capital losses from dismissal of non current assets	0	0	0	0
Change in Fair Value	6.334.360	19.247.310	16.439.556	33.429.418
EBIT	**14.975.903**	**27.615.599**	**48.704.349**	**66.451.895**
Financial operations:	**-2.316.700**	**-865.295**	**-6.280.081**	**-3.685.254**
Financial income	766.824	1.587.830	1.907.737	5.470.248
Financial charges	3.083.524	2.453.125	8.187.818	9.155.502
PROFIT BEFORE TAX	**12.659.203**	**26.750.304**	**42.424.268**	**62.766.641**









2005 closed with consolidated profit before tax at € 62,766,641 (+ € 20,342,373, +47.95% compared to December 2004). Consolidated profit before tax for the fourth quarter of 2005 instead, totalled € 26,750,304, a € 14,091,101 million increase compared to results from the fourth quarter of 2004.

A summary of economic results of the fourth quarter of 2005, compared with the corresponding figures from the fourth quarter of 2004 is found below.

INCOME STATEMENT

	4 Q '05	4 Q '04	Δ	%
Revenue	13.064.347	12.768.115	296.232	2,32%
Other income	955.410	1.090.106	-134.696	-12,36%
TOTAL REVENUES	**14.019.757**	**13.858.221**	**161.536**	**1,17%**
Purchase of materials and outside services	9.170.006	4.298.986	4.871.020	113,31%
Staff costs	749.891	365.213	384.678	105,33%
Other operating costs	936.570	728.281	208.289	28,60%
Changes in inventories	-5.142.406	-266.862	-4.875.544	1826,99%
EBITDA	**8.305.696**	**8.732.603**	**-426.907**	**-4,89%**
Amortisation and depreciation	-62.593	91.060	-153.653	-168,74%
Capital gains/capital losses from dismissal of non current assets	0	0	0	0,00%
Change in Fair Value	19.247.310	6.334.360	12.912.950	203,86%
EBIT	**27.615.599**	**14.975.903**	**12.639.696**	**84,40%**
Financial operations:	**-865.295**	**-2.316.700**	**1.451.405**	**-62,65%**
Financial income	1.587.830	766.824	821.006	107,07%
Financial charges	2.453.125	3.083.524	-630.399	-20,44%
PROFIT BEFORE TAX	**26.750.304**	**12.659.203**	**14.091.101**	**111,31%**

The increase in profitability was due to the following factors:

1. **REVENUE** increased by € 1,972,959. A +3.85% increase in revenue for the "Le Fonti del Corallo" shopping centre in Leghorn, which contributed to revenues for only 9 months in 2004, as well as the renegotiation of contracts for the ESP mall in Ravenna and the completion of works to widen the Centro Borgo mall. Comparing revenue for the fourth quarter of 2005 with the same period in 2004, a +1.17% increase was registered.
2. **EBITDA** in 2005 was at € 33,343,538, up +2.18% compared to the same period of the previous year, due to the combined effect of increased revenue (+3.85%), and staff costs (+51.36%). In 2005 11 resources were introduced. The increase in staff costs is in keeping with the growth of the business; the local organisational structure was developed by internalising certain services which were outsourced in 2004. Costs for the purchase of materials and outside services are exclusively related to the expansion of the mall at the Centro Leonardo shopping centre in Imola, and showed a total increase of approximately € 9,787,420. The **EBITDA MARGIN** was 62.7%. Comparing fourth quarter EBITDA in 2005 with the same period in 2004, a small

decrease was registered due to the doubling of personnel costs (+105.33% during the quarter) and the increase in other operating costs (+28.60%), which were primarily due to the bad debt reserve provision.

3. In 2005, **EBIT** amounted to € 66,451,895, up +36.44%. This increase can be attributed almost exclusively to an increase in the fair value of property (+103.35%).
4. Financial operations showed a negative balance of € -3,685,254, down –41.32%, due to the increase in financial income (€ 3,562,511, +186.74%) resulting from a reduction in the net financial position following the share capital increase, and an increase in charges (€ 967,684, +11.82%). Medium to long term borrowing is entirely hedged by interest rate swaps.
5. The before tax result was equal to € 62,766,641, up +47.95%.

Assets, liabilities, and financial position

Assets and liabilities as at 31.12.05 may be summarised as follows:

	SEPT.'05	1 Y '05	1 Y '04	1 Y '05
Intangible assets	2.905.969	2.906.193	2.906.390	2.906.193
Tangible assets	586.502.217	661.463.380	543.184.024	661.463.380
Other non current assets	7.777.668	4.997.479	941.964	4.997.479
TOTAL NON CURRENT ASSETS (A)	597.185.854	669.367.052	547.032.378	669.367.052
Current assets:				
TOTAL CURRENT ASSETS (B)	121.531.060	96.558.780	19.567.610	96.558.780
Assets sold/held for sale:				
of a financial nature	0	0	0	0
TOT ASSETS sold/dheld for sale (C):	0	0	0	0
TOTAL ASSETS (A+B+C)	718.716.914	765.925.832	566.599.988	765.925.832

CONSOLIDATED BALANCE SHEET: LIABILITIES

	SEPT.'05	1 Y '05*	1 Y '04	1 Y '05
TOTAL NET EQUITY (D)	465.466.005	506.630.271	304.030.868	506.630.271
TOTAL NON CURRENT LIABILITIES (E)	216.284.954	191.654.081	205.546.040	191.654.081
TOTAL CURRENT LIABILITIES (F)	36.965.955	67.641.480	57.023.080	67.641.480
TOTAL LIABILITIES (G=E + F)	253.250.909	259.295.561	262.569.120	259.295.561
TOTAL NET EQUITY AND LIABILITIES (D+G)	718.716.914	765.925.832	566.599.988	765.925.832

* please note that net equity as at 31 December 2005 takes profit before tax into account.

The most significant change is to be found in the net financial position, because of the financial resources which were tapped by IGD through listing on the electronic securities exchange (MTA), managed by Borsa S.p.A., on 11 February 2005. These resources, which totalled € 145,921,250, net of placement and sponsor commissions, will be used for investments foreseen by the groups' industrial plan, and to take advantage of all the new opportunities which the market may offer the group in coming years. Medium to long term loans (including IRS mark-to-market accounting) totalled €138,636,563 as at 30.12.05. These loans, granted at a floating rate, are entirely hedged by interest rate swaps intended to immunise IGD against the risk of future interest rate fluctuations. For further details on the financing structure and related costs, please refer to the notes.

NET FINANCIAL POSITION

	SEPT.'05	1 Y '05	1 Y '04	1 Y '05
Non current financial liabilities	134.989.402	121.961.031	139.408.938	121.961.031
Current financial liabilities	30.501.922	54.687.740	53.146.738	54.687.740
TOTAL FINANCIAL LIABILITIES	**165.491.324**	**176.648.771**	**192.555.676**	**176.648.771**
Financial receivables and other current financial assets	51.215.777	35.581.021	8.955	35.581.021
Cash and cash equivalents	51.749.993	25.434.444	848.591	25.434.444
of a financial nature	0	0	0	0
TOTAL FINANCIAL ASSETS	**102.965.770**	**61.015.465**	**857.546**	**61.015.465**
NET FINANCIAL POSITION	**62.525.554**	**115.633.306**	**191.698.130**	**115.633.306**

The group's net equity as at 31 December 2005 amounted to € 506,630,271, including profit before tax.

SEGMENT INFORMATION

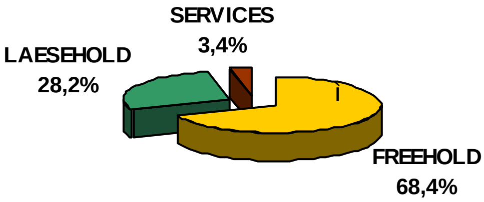
The IGD Group's activity can be divided into two strategic areas of business:

- Property leasing
- Services (agency and facilities management)

INCOME STATEMENT	**RENTALS**	**SERVICES**	**TOTAL**
REVENUES	**51.389.150**	**1.772.034**	**53.161.184**
DIRECT COSTS	15.398.667	1.063.671	16.462.339
DIVISIONAL GROSS MARGIN	**35.990.483**	**708.362**	**36.698.845**
UNDIVIDED COSTS			3.355.307
EBITDA	**35.990.483**	**708.362**	**33.343.538**
AMORTISATIONS	-321.061		-321.061
REVALUATIONS	33.429.418		33.429.418
EBIT	**69.098.840**	**708.362**	**66.451.895**
NET PROFIT			**62.766.641**

An analysis of the contribution of each area of business shows that income from services accounted for approximately 3.4% of total revenue. The change in revenue from services as at 31.12.05 compared to the same period of 2004 was -18.16%, due to the collection of an entry fee from an operator in 2004.

REVENUES



Although the absolute value of this type of revenue is not comparable to that of rental activities, it represents an important area of development for the group, especially given its high profit margin. Revenue from rentals amounted to 96.6% of the total (68.36% related to group property, 28.25% to third party property).

BALANCE SHEET	RENTALS	SERVICES	TOTAL
NON CURRENT ASSETS	604.688.650	0	604.688.650
INVESTMENTS	56.774.730		56.774.730
NWC	21.312.167	494.013	21.806.180
- OTHER LONG TERM LIABILITIES	-69.601.989	-91.061	-69.693.050
UNDIVIDED ASSETS			8.687.067
TOTAL OUTFLOW	**613.173.558**	**402.952**	**622.263.577**
NFP	109.076.438	-2.130.199	106.946.239
EQUITY	504.097.120	2.533.151	506.630.271
UNDIVIDED LIABILITIES			8.687.067
TOTAL SOURCES	**613.173.558**	**402.952**	**622.263.577**

PRIMARY EVENTS IN THE FOURTH QUARTER OF 2005

Expansion works on the "Centro Borgo" shopping centre mall in Bologna has been completed while expansion works on the “Centro Leonardo" in Imola are still in progress.

On 13 October 2005, a preliminary agreement was signed for the acquisition of a developed area in Conegliano, Veneto. The investment concerns a piece of land measuring 82,000 m² to carry out future development projects.

A preliminary contract to purchase a mall in Palermo was signed on December 12. The mall will total 14,000 m² of GLA.

A hypermarket and two medium-sized outlets within the “I Malatesta” shopping centre in Rimini were purchased on December 23. The total surface area of the hypermarket – now housing Coop Adriatica – is equal to 31,781 m² of GLA

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FOURTH AND TREND IN OPERATIONS

A preliminary contract to purchase a mall in Gravinia, Catania, was signed on January 11. The mall will total 14,919 m², with spaces for approximately 57 shops and 6 medium-sized outlets.

Agency management activities on behalf of third parties have continued for the "Minganti" shopping centre in Bologna, as well as the assessment of new investment opportunities.

CONSOLIDATED ACCOUNTING SCHEDULES FOR THE IGD GROUP

CONSOLIDATED BALANCE SHEET

	31-Dec-05 (a)	30-Sep-05 (b)	31-Dec-04	Variations (a-b)
NON CURRENT ASSETS:				
Intangible assets				
- Intangible assets with a finite life	9.802	9.578	9.999	224
- Goodwill	2.896.391	2.896.391	2.896.391	0
	2.906.193	2.905.969	2.906.390	224
Tangible assets				
- Real estate investments	603.792.000	543.567.000	529.343.500	60.225.000
- Plant and machinery	405.485	277.599	474.062	127.886
- Equipment	144.724	147.835	189.077	(3.111)
- Leasehold improvements	346.441	380.052	437.027	(33.611)
- Assets under construction/acquisition	56.774.730	42.129.731	12.740.358	14.644.999
	661.463.380	586.502.217	543.184.024	74.961.163
Other non current assets				
- Prepaid taxes	916.558	3.744.530	916.558	(2.827.972)
- Miscellaneous receivables and other non current assets	4.080.921	4.033.138	25.406	47.783
	4.997.479	7.777.668	941.964	(2.780.189)
TOTAL NON CURRENT ASSETS (A)	**669.367.052**	**597.185.854**	**547.032.378**	**72.181.198**
CURRENT ASSETS:				
Inventories	14.018.640	8.876.234	4.479.757	5.142.406
Trade and other receivables	5.953.067	7.800.141	12.688.493	(1.847.074)
Other current assets	14.610.938	1.027.493	581.144	13.583.445
Current prepaid taxes	960.670	861.422	960.670	99.248
Financial receivables and other current financial assets	35.581.021	51.215.777	8.955	(15.634.756)
Cash and cash equivalents	25.434.444	51.749.993	848.591	(26.315.549)
TOTAL CURRENT ASSETS (B)	**96.558.780**	**121.531.060**	**19.567.610**	**(24.972.280)**
TOTAL ASSETS (A+B)	**765.925.832**	**718.716.914**	**566.599.988**	**47.208.918**
NET EQUITY:				
Parent Company interest	506.630.271	465.466.005	304.030.868	41.164.266
minority interest	0	0	0	0
TOTAL NET EQUITY (C)	**506.630.271**	**465.466.005**	**304.030.868**	**41.164.266**
NON CURRENT LIABILITIES:				
Non current financial liabilities	121.961.031	134.989.402	139.408.938	(13.028.371)
Provision for severance pay	209.145	196.703	195.845	12.442
Deferred tax liabilities	51.877.375	61.652.648	51.877.375	(9.775.273)
Provisions for future risks and charges	431.467	140.582	338.223	290.885
Miscellaneous payables and other non current liabilities	17.175.063	19.305.619	13.725.659	(2.130.556)
TOTAL NON CURRENT LIABILITIES (D)	**191.654.081**	**216.284.954**	**205.546.040**	**(24.630.873)**
CURRENT LIABILITIES:				
Current financial liabilities	54.687.740	30.501.922	53.146.738	24.185.818
Trade and other payables	8.116.946	1.588.680	2.055.032	6.528.266
Current liabilities	177.275	2.981.332	205.241	(2.804.057)
Deferred tax liabilities	0	19.507	0	(19.507)
Other current liabilities	4.659.519	1.874.514	1.616.069	2.785.005
TOTAL CURRENT LIABILITIES (E)	**67.641.480**	**36.965.955**	**57.023.080**	**30.675.525**
TOTAL LIABILITIES (F=D + E)	**259.295.561**	**253.250.909**	**262.569.120**	**6.044.652**
TOTAL NET EQUITY AND LIABILITIES (C+F)	**765.925.832**	**718.716.914**	**566.599.988**	**47.208.918**

CONSOLIDATED INCOME STATEMENT

	31-Dec-05 (a)	31-Dec-04 (b)	Variations (a-b)	4 quarter 2005	2004	variations
Revenue	51.242.144	48.599.689	2.642.455	13.064.347	12.677.459	386.888
Other income	1.919.040	2.588.536	(669.496)	955.410	1.180.762	(225.352)
Total revenues and operating income	**53.161.184**	**51.188.225**	**1.972.959**	**14.019.757**	**13.858.221**	**161.536**
Purchase of materials and outside services	25.076.278	15.288.858	9.787.420	9.170.006	4.298.986	4.871.020
Staff costs	1.870.786	1.236.023	634.763	749.891	365.213	384.678
Other operating costs	2.409.465	2.297.316	112.149	936.570	728.281	208.289
Changes in inventories	9.538.883	266.862	9.272.021	5.142.406	266.862	4.875.544
OPERATING RESULT BEFORE AMORTISATIONS, CAPITAL GAINS/LOSSES AND REVALUATIONS/DEVALUATIONS FOR NON CURRENT ASSETS (EBITDA)	**33.343.538**	**32.632.890**	**710.648**	**8.305.696**	**8.732.603**	**(426.907)**
Amortisation and depreciation	321.061	368.097	(47.036)	-62.593	91.060	(153.653)
Fair value change	33.429.418	16.439.556	16.989.862	19.247.310	6.334.360	12.912.950
OPERATING RESULT (EBIT)	**66.451.895**	**48.704.349**	**17.747.546**	**27.615.599**	**14.975.903**	**12.639.696**
Financial income	5.470.248	1.907.737	3.562.511	1.587.830	766.824	821.006
Financial charges	9.155.502	8.187.818	967.684	2.453.125	3.083.524	(630.399)
PRE-TAX RESULT	**62.766.641**	**42.424.268**	**20.342.373**	**26.750.304**	**12.659.203**	**14.091.101**
Income taxes for the period	0	16.426.426	(16.426.426)	0	4.599.359	(4.599.359)
PROFIT FOR THE PERIOD	**62.766.641**	**25.997.842**	**36.768.799**	**26.750.304**	**8.059.844**	**18.690.460**
Attributable to:						
* Parent company profit for the period	62.766.641	25.997.842	36.670.946	26.750.304	7.966.560	18.783.744
* Profit for minority interest for the period	0	0	(97.853)	0	93.284	(93.284)

NOTES TO THE CONSOLIDATED ACCOUNTING SCHEDULES

DRAFTING CRITERIA AND CONSOLIDATION AREA

INTRODUCTION

The quarterly report and consolidated accounting schedules as at 31 December 2005, which have not been subject to auditing, have been prepared in compliance with the measurement and assessment criteria laid out by IFRS and adopted by the European Commission in accordance with the procedure laid out by art. 6 of EC Regulation no. 1606/2002 of 19 July 2002 of the European Parliament and Council, regarding application of international accounting standards, as well as in compliance with the provisions of art. 82 of CONSOB ruling no. 11971 of 14 May 1999, “Standards related to listed companies for implementation of Legislative Decree no. 58 of 24 February 1998”, and subsequent amendments.
Specifically, please note that the quarterly report as at 31 December 2005 has been presented on the basis of the criteria indicated in Annex 3D of the aforementioned "Standards".

DRAFTING CRITERIA

The consolidated accounting schedules have been prepared based on the account statements as at 31 December 2005 drafted by the companies included in the consolidation area, and adjusted, when necessary, to bring them into line with the group's accounting standards and classification criteria under IFRS.
The accounting and measurement criteria, and the consolidation standards adopted in drafting the quarterly report, are identical to those used to prepare the IFRS transition document attached to the half-yearly report as at 30/06/05, to which we make full and explicit reference.
The consolidated accounting schedules, tables, and notes are expressed in euros, unless otherwise specified.
To allow for uniform comparison, figures for 2004 have been recalculated in accordance with IFRS.
In compliance with CONSOB provisions, income statement figures are provided for the quarter under examination and the period between the beginning of the year and the closing date of the quarter (progressive); they are compared with data for the analogous periods of the previous year. The balance sheet figures at the closing date of the quarter are compared with the closing figures for the previous

quarter and the previous year. Therefore, notes to income statement items are made in comparison to the same period of the previous year (31 December 04), whereas for assets and liabilities they are made in comparison with the previous quarter (30 September 2005).
Estimates are not employed to a significantly different degree than at the time of drafting the annual accounts. Furthermore, please note that the consolidated figures include accounts for the parent company Immobiliare Grande Distribuzione S.p.A. and accounts as at 31 December 2005 for Gescom s.r.l., its fully-owned subsidiary.
Lastly, please note that current, deferred and/or prepaid taxes have not been calculated.

CONSOLIDATION AREA

The consolidation area as at 31 December 2005 has not undergone any changes compared to 30 September 2005. Please note that the Consorzio Forte di Brontolo has not been consolidated given its lack of significance in terms of a true and correct picture of the consolidated financial, economic and equity situation as at 31 December 2005.

NOTES TO THE PRIMARY ITEMS IN THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 05

NON CURRENT ASSETS

The variation in non current assets between 30 September 2005 and 31 December 2005 is primarily due to a decrease in the “Prepaid taxes” item caused by the non-allocation of the tax effect in the Fourth Quarter 2005.

CURRENT ASSETS:

The net variation in inventories compared to 30 September 2005, is exclusively due to an increase in inventories related to ongoing work at the Leonardo Shopping Centre to expand the car park and mall for the portion held for sale.

The decrease in trade receivables is due to an improvement in collecting rents receivables; while the increase in other current assets is due to the payment of a security deposit and to the VAT receivables follwing the acquisition of the Iper, Area Fitness and Outlet for the Malatesta Shopping Centre in Rimini.

Lastly, please note that the decrease in the “Financial Receivables and Other Current Financial Assets” and the "Cash and Cash Equivalent" items is due to the selling off of part of the securities and the use of financial resources for the aforementioned purchase and advance payments on new investments.

EQUITY

The change in Equity is primarily due to pre-tax profit for the 4th Quarter 2005, and a decrease in the cash flow hedge reserve due to IAS accounting.

NON CURRENT LIABILITIES:

The net change in non current financial liabilities is primarily due to the transfer of loan payments due within the next 12 months from non current to current liabilities, and to the measurement of financial hedging instruments as a consequence of IAS implementation.

The decrease in Deferred Tax Liabilities is solely due to the non-allocation of the same in the Fourth Quarter.

The decrease in the “Miscellaneous payables and other non current liabilities” item is due to the transfer of security deposits to be refunded from non-current to current liabilities.

CURRENT LIABILITIES:

The most significant changes in current liabilities are due to an increase in :

- Current Financial Liabilities caused by the negative balance of a clearing account with TCA s.r.l and the assumption of new Hot Money contracts
- Trade payables caused by progress made on works for the Leonardo Shopping Centre
- Other Current Liabilities caused by the transfer of entries to non-current Financial Liabilities for short-term safety deposits.

NOTES TO THE PRIMARY ITEMS IN THE CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2005

OPERATING REVENUE AND INCOME

Consolidated turnover and other income as at 31 December 05 amounted to €53,161,184, with an increase of €1,972,959 from the same period of the previous year. This increase was primarily due to rental revenue from the Fonti del Corallo shopping centre, since the latter was acquired in the second quarter of 2004 and thus contributed to revenue for a shorter period.

PURCHASE OF MATERIALS AND OUTSIDE SERVICES

This item primarily includes rent paid as lease on properties managed by the Group, and work costs for expanding the car park and mall at the Leonardo shopping centre.

The increases, compared as at 30 September 2004, and compared to individual quarters, are specifically due to costs incurred for the aforementioned construction works.

PERSONNEL COSTS

Personnel costs rose compared to the same period in 2004, due to an increase in employee numbers in line with the growth of the business.

OTHER OPERATING COSTS

There have been no significant changes.

FINANCIAL INCOME AND CHARGES

Financial income shows an increase compared to the same period in 2004, due to new financial resources tapped through listing.

The increase in financial charges is due to an increase in interest payable on new loans (Livorno).