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igdnewsletter

for our private / retail investors

Letter to the Shareholders from the Chairman and the Chief Executive Officer

Dear Shareholders,

in 2010 your company reported results which show strong growth; net profit, for example, rose + 43.4% to €29.3 million and Funds from Operations (FFO) rose 9.1%. This means that your company is successfully implementing the development plan outlined in the 2009-2013 Business Plan, despite the very weak consumer environment that persisted throughout the year. That's not all: the 2010 results, fully in line with our expectations, add visibility to the Plan itself and confirm that, thanks to the steps we have taken, we are headed in the right direction.

The fair value of our real estate assets at 31 December 2010 reached €1,803.98 million. A figure which, on the one hand, reflects the disposal of the 50% interest held in RGD to Beni Stabili for €59.2 million and, on the other, the increase in the portfolio's perimeter thanks to the two new acquisitions made of the mall in the La Torre Shopping Center in Palermo and the mall and retail park found in the Conè center in Conegliano Veneto, along with the construction of the retail park. At the same time, the pre-existing portfolio held well thanks to the quality of the assets and the stabilizing presence of the hypermarkets.

The top line of the income statement shows operating income up by some 2.8%. The positive contribution of rental income from the last two openings made in December and the gradual increase in rents from the openings made in 2009, which contributed for the full 12 month period in 2010, was in part offset by IGD's decision to support a few key retailers by

Issue 1, Year 4
Newsletter containing information updated as of **9 March 2011**

On p. 9 of this newsletter you will find a **Glossary of all the technical terms**

granting temporary discounts in rent during a year dominated by persistently weak consumption. In 2010 we also continued with the profound reorganization and consolidation, including of the portfolio of brands present in the WinMarkt centers, begun two years ago in Romania in order to improve the visibility and quality of future revenue streams.

Testimony to IGD's truly healthy growth is the increase in consolidated EBITDA which rose by more than 7% YoY reaching 71% as a percentage of revenues. All of the openings and acquisitions made – resulting, as we mentioned before, in an impressive six new openings over the last two years - made it possible to allocate operating costs, already subject to significant cost control measures designed to improve efficiency, over a broader revenue base.

While the value of the real estate assets and revenues grew, a balance was maintained between the funding used and the cost of debt. At the end of 2010 the gearing ratio (debt to equity ratio), in fact, came in at 1.31. In 2010 IGD also confirmed its ability to limit its cost of capital, taking advantage of the opportunity not only to restructure the convertible bond, but also to hedge interest rate risk (74.13% of the loans are now hedged) and to close new loans for a total of €85 million at advantageous rates. Net financial income and charges, consequently, were basically unchanged (+621/675 nel cs thousand with respect to 2009).

In light of the quality of the results recorded, including in terms of profit, we are proposing that the shareholders approve the payment of a dividend equal to €0.075 per share, an increase of 50% with respect to the €0.05 per share paid in 2009. This increase is even more impressive if we consider that the 2009 dividend was already up 42.9% with respect to 2008. As you can see, IGD's dividend offers its shareholders interesting returns.

If you recall, in November 2009 we presented the new five year Business Plan and indicated that it would be updated each year. In November 2010, therefore, we completed our strategic review, updating the 2013 targets on the basis of changes in the global market conditions, the portfolio and the investment pipeline.
With regard, in particular, to the new developments in our investments:

- *In July 2010 we cancelled the preliminary agreement for the purchase of the shopping center in Gorizia which we intend to replace with a similar type of investment, but after 2011.*
- *Completion of a few parts of the multifunctional complex in Livorno were delayed.*
- *We planned the expansion of three shopping centers for a total lettable area that is larger than last year's Plan.*
- *Lastly, we included new investments of €100 million in our pipeline which will be financed with the proceeds from the sale of properties currently held in the freehold portfolio. This type of rotation will make it possible to optimize capital allocation and represents a completely new strategic direction for IGD which will allow for greater flexibility and make it possible for IGD to take advantage of interesting market opportunities.*

Despite a 2010 that was more difficult than forecast, the 2013 targets were only slightly changed. More in detail, we continue to expect to see double digit growth in EBITDA, in excess of around 10%, through the end of the plan. EBITDA margin, consequently, is expected to reach 76% by the end of the plan, primarily due to the solid margins of the investments as they gradually become fully operative and begin generating returns, but also to the intense work that will be done on restructuring the core portfolio. We believe, therefore, that by 2013 the average return of the real estate portfolio will be between 6.4% and 6.5%. At the same time, we maintained the peak gearing target of 1.5x.

On the cover Gilberto Coffari and Claudio Albertini respectively Chairman and Chief Executive Officer of IGD

We are confident, therefore, that the results going forward will allow us to pay our shareholders a good dividend; moreover, the SIIQ status allows us to translate our solid operating and financial results into a consistently improving bottom line: we expect, therefore, that the dividend will increase significantly each year through 2013.

We sincerely hope, also, that over the next few months the discount at which IGD's stock is trading to its NAV, of about 43% with respect to the year-end stock price of €1.457, will diminish in light of the 2010 results and the increased visibility of the Business Plan targets. More in general, we hope that the transparency and consistency of our investment policies and relationship with the financial community will make it possible to improve the risk profile associated with our business going forward.

We would also like to point out that the 2010 edition will be the first edition of IGD's Corporate Sustainability Report. Sustainability is part of our DNA, given the cooperative identity of our largest shareholders and the culture that the entire IGD team shares.
The commitment to meeting the needs of all our stakeholders through sustainable growth has always been part of what we do. The Corporate Sustainability Report represents a new tool, a new space where we can describe and report on our commitment.
We are convinced that a careful analysis of our policies relating to social responsibility will help us understand the positive aspects of what we have already done and where our next challenges lie: an exercise which will most certainly drive us to set our sights even higher.

The Chairman
Gilberto Coffari

The Chief Executive Officer
Claudio Albertini

Above the Le Porte di Napoli Shopping Center in Afragola. The recent restyling of the mall will also include the renovation of the external area and the parking

Let's look at the results for FY 2010

Revenues grow by approximately 2% …
Total revenues in 2010 grew 2.33%, reaching €119.7 million versus €122.4 million in the prior year. The increase was driven by the positive contribution to revenues of the two shopping centers purchased in 2009, consolidated for 12 months in 2010 (an additional €6.7 million) and of the two centers opened in the latter part of 2010 (€1.8 million). Consolidated revenues were negatively impacted by the drop in revenues recorded by the Romanian subsidiary Winmarkt Magazine SA (-€4.0 million); this decline reflects the restructuring of the portfolio that is underway which coincides with what is still a very critical moment for consumption in Romania.

…while the EBITDA rises at a more robust pace of around 7.6%
Operating income rose 2.84%, while EBITDA grew 7.6% resulting in an EBITDA margin which rose from the 67.9% recorded in 2009 to 71.0%.
EBIT grew even more than EBITDA, rising 19.1% YoY. If in 2009 amortization, depreciation, impairment and the change in fair value of the real estate portfolio reached €19.2 million, in 2010 the sum of the same items was more contained, coming in at €14.0 million, in particular the drop in the fair value of the IGD's real estate portfolio was €5 million less with respect to 2009.

The increase recorded in pre-tax profit was even more substantial than the rise in EBIT. It rose 40.4%, thanks to the average cost of debt which continued to be very low at 3.5% which also made it possible to limit the increase in financial charges to 1.95%.
Net profit amounted to €29.3 million, an increase of €8.9 million with respect to the prior year.

In light of the satisfying results reported, which confirm that IGD is doing what it takes to achieve the targets included in the Business Plan, the Board of Directors will propose that the shareholders approve a record dividend of €0.075 per share, an increase of 50% with respect to the dividend of €0.05 per share paid in 2009.

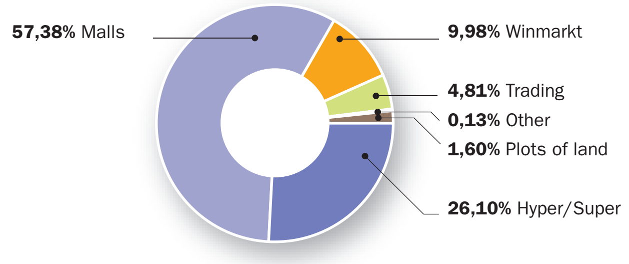
Consolidated income statement (€/mn)	FY2009	FY2010
Revenues from freehold properties	97.8	101.9
Revenues from leasehold properties	8.7	8.2
Revenues from services	6.2	5.9
Total operating income	**112.8**	**116.0**
Other revenues	6.9	6.5
Total revenues	**119.7**	**122.4**
-Material and service costs	-33.5	-30.0
-General expenses	-9.6	-10.2
EBITDA	**76.5**	**82.3**
-Amortization, depreciation and impairment	-5.5	-5.3
-Change in fair value	-13.7	-8.7
EBIT	**57.3**	**68.3**
Income from equity investments	0.0	-1.1
Net financial income (charges)	-34.7	-35.3
Pre-tax profit	**22.6**	**31.8**
Income tax	-2.2	-2.5
Net profit	**20.4**	**29.3**

Based on CB Richard Ellis's independent appraisal, the market value of the Igd Group's real estate portfolio at the end of 2010 amounted to €1,803.98 million (€1,776.86 million at 31 December 2009). The fair value of IGD's real estate portfolio rose in 2010 due to the following acquisitions:

- "La Torre" Shopping Mall in Palermo" with a GLA of approximately 14,400 m2;
- "Coné" Shopping Mall and Retail Park in Conegliano Veneto with a total GLA of 17,500 m2;
- and two spaces in the "Millennium" Shopping Center in Rovereto.

IGD's portfolio at 31 December 2010 can be broken down as follows:

Portfolio breakdown



Class of property	Fair value (€)
Hypermarkets Italy	470.9
Shopping malls Italy	1,035.1
International	180.1
Assets held for trading	86.7
Plots of land	28.8
Other	2.4
Total	**1,803.98**

	Hypermarkets	Shopping malls Italy	Shopping malls Romania
Occupancy rate	100%	95.59%	83.00%
Average weighted return ponderato	6.41%	6.55%	8.65%
Market Value at 31/12/2010 (€/mn)	470.9	1,035.1	175.9

IGD's debt remains stable and sustainab

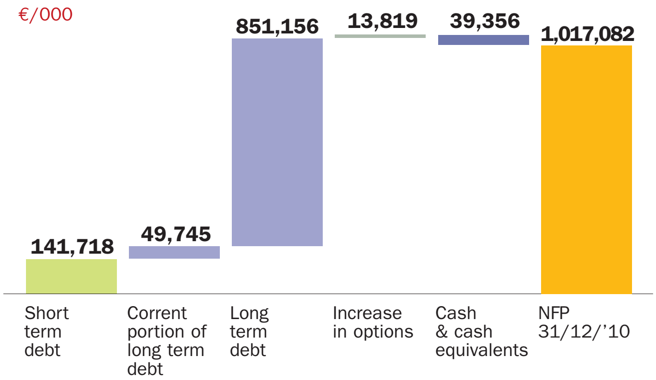
Net debt in the twelve month period remained largely stable, dropping from the €1,027.8 million at the end of 2009 to €1,017.1 million at the end of 2010.

The gearing ratio ((debt/equity) fell from 1.37 to 1.31; the Loan-to-Value (net debt/ market value) also fell slightly from 56.9% to 56.4%.

The debt is primarily long term (84%).

	FY 2009	FY 2010
Net debt (€ mn)	1,027.82	1,017.08
Shareholders' equity (€ mn)	747.53	773.45
Loan to value (%)	56.88%	56.38%
Hedging (%)	57.78%	65.97%
Average cost of debt (%)	3.53%	3.53%

Breakdown of net debt at 31.12.2010



The **Net Asset Value** per share, based on the market value of the freehold assets net tax, rose from the €2.47 recorded at the end of 2009 to €2.55 at the end of 2010.

NNAV		31/12/'10	31/12/'09
Market value freehold properties	a	1,803.98	1,724.86
Investment property, land and development	b	1,804.01	1,726.02
Potential capital gains/(losses)	**c=a-b**	**(0.03)**	**(1.17)**
Equity (including minorities)		773.45	747.53
Value of treasury shares (incl commissions)		22.25	22.25
Adjusted equity	**h**	**795.71**	**769.79**
Current price of IGD shares		**1.46**	**1.56**
Potential capital gains (losses) on treasury shares	**d**	**(6.12)**	**(5.02)**
Total capital gains	**e=c+d**	**(6.15)**	**(6.18)**
NAV	**f=e+h**	**789.56**	**763.60**
Number of shares	**g**	**309.25**	**309.25**
NAV per share	**f/g**	**2.55**	**2.47**
Tax rate		27.7%	27.9%
Total net capital gains/(losses)	**i**	**(6.14)**	**(5.86)**
NNAV	**l=h+i**	**789.57**	**763.93**
NNAV per share	**m=l/g**	**2.55**	**2.47**

Six new openings in the last two years

At the end of November 2010 two new shopping centers opened in Palermo and Conegliano Veneto

Two new important shopping centers were opened, one after the other, just in time for Christmas shopping.

The first of the two, the "La Torre" Shopping Center in Palermo, opened its doors on 23 November. IGD owns the shopping mall in this center which has a GLA (Gross Leasable Area) of 14,410 m2 with 62 stores, five of which midsize. The center has a food anchor with a 6,049 m2 sales area owned by Ipercoop Sicilia.
In addition to the 25 stores found in the mall, there is a midsize store inside the mall and 5 exterior midsize spaces.
IGD invested 54.1 million in the Palermo project.

The second opening, which took place on 25 November, rather, was of the shopping center and retail park in Conegliano.
The "Coné" center has a GLA of 27,400 m2 and features a parking lot with 1,550 parking places.
IGD, which invested a total of 71 million in the "Coné" center, owns the mall which has 59 stores and the retail park which is comprised of three midsize spaces. The center also has an Ipercoop brand hypermarket.
Thanks to IGD's pre-letting activities, renowned, international brands such as Euronics (electronics), Maison Du Monde (home furnishings), Cisalfa, H&M, Conbipel, Stradivarius, Alcott, Foot Locker, Jack&Jones and Marella (clothing) can be found in the center. Shoppers will also find Librerie.Coop inside the mall.

Our last newsletter was published on 15 November 2010. Since then two important events have taken place which impacted both the Company's organization and the real estate portfolio:

On 15 December 2009 two shopping centers were sold to Beni Stabili

One of the guidelines included in the 2009-2013 Business Plan, the updated version of which was presented last November, calls for rotation of the portfolio in order to achieve more efficient asset allocation.
The dissolution of the joint venture RGD (50% IGD/50% Beni Stabili) and the subsequent sale to Beni Stabili of the 50% interest held in the Beinasco and Nervino shopping centers, was a decided move in this direction.
The third shopping center in RGD's portfolio, the "Darsena City" Shopping Center in Ferrara, will continue to be held in co-ownership with Beni Stabili.
Exiting the jv which resulted in the disposal of the 50% interests held in Beinasco and Nerviano, as well as the repurchase of 50% of Darsena, improved IGD's net financial position by approximately €65 million.

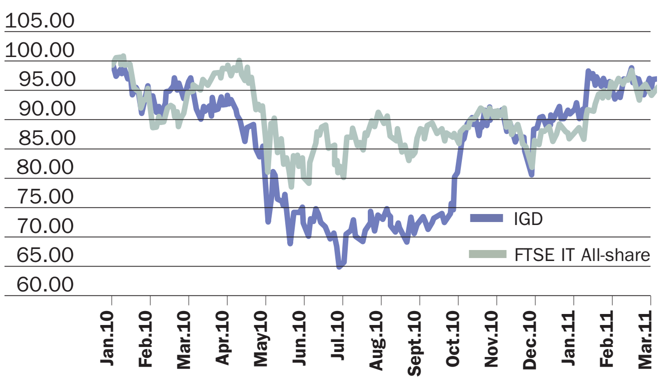
Above: to the left the cutting of the cake for the opening of the La Torre shopping center in Palermo. Guest of the event the football player Totò Schillaci.

On the right the cutting of the tape for the opening of the Conè shopping center in Conegliano Veneto. Gilberto Coffari and Claudio Albertini attended the event along with the mayor of the city.

Igd's stock

If we compare the performance of the FTSE Italia All-share index with that of IGD's share price, we can see that the underperformance recorded between March and September was completely recovered thanks, above all, to the rise in IGD's stock price in October. In the last two months of the year IGD's stock performed in line with the FTSE Italia All-share Index which was basically flat.

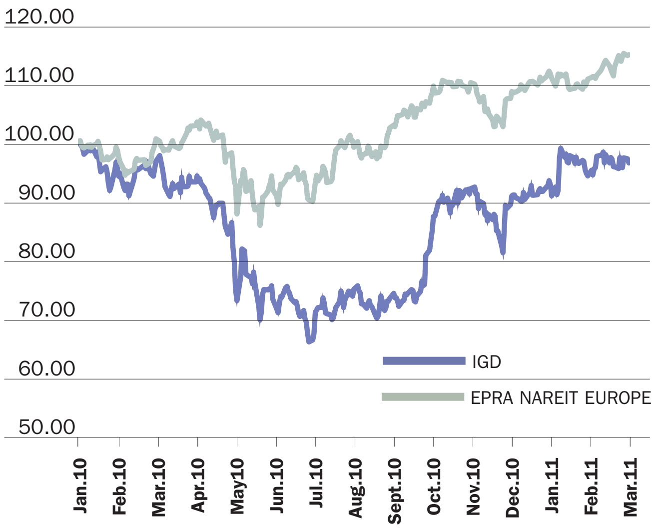
Three month performance of IGD's stock vs. the FTSE All-Share Index



Source: Borsa Italiana data processed by IGD

IGD performed in line with the European index in the first two months of 2010; as of March, however, the stock underperformed due primarily to foreign investors' lack of enthusiasm for the Italian real estate market and the fact that the stock's limited liquidity led to its exit from the GPR REIT 250 index. In September, while the index bounced back by more than 10%, IGD's shares were probably penalized by the sell off of a few REIT investors who bought Beni Stabili, in preparation for the Company's imminent transformation into a SIIQ (the Italian equivalent of a REIT). A large part of the underperformance with respect to the index – as seen above in the comparison with the performance of the Italian Stock Market – was retraced in October when a foreign investor began to buy shares driving the stock to levels of in range of between €1.20 and €1.45. In the month of November all the primary European stock markets were hit by significant corrections linked to higher perceived risk and fears of sovereign debt crises in a few Euro zone countries. Even IGD's stock lost more than half the gains recorded in October, to quickly return, however, to levels of around €1.45 in December. In the first weeks of 2011 IGD further reduced the level of underperformance with respect to the index as the stock trading at around €1.55 while the European index continues to remain at year-end levels.

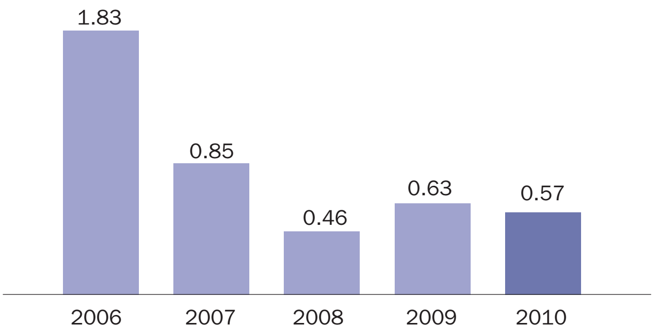
IGD's stock vs. the EPRA/NAREIT Europe Index since the beginning of 2010



Source: EPRA data, processed internally

The stock continued to trade at a decided discount to its NNAV throughout the year, as is shown in the chart below, which shows the P/NNAV ratio at the end of each year.

Price/NNAV ratio

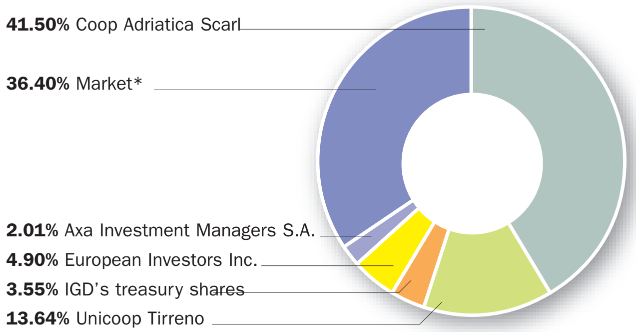


At current levels (around €1.54) IGD is trading about 7% below the average target price of the analysts covering the stock of €1.65 (Source: Broker research).

IGD's Shareholders

Looking at the shareholders holding more than 2% of the share capital, with respect to the last newsletter there is a new high profile, international investor: as of 14 February 2011 AXA Investment Managers, in fact, holds 2.01% of IGD SpA's share capital.

Major shareholders



* (of which 7,745.919 ordinary shares, equal to 2.505% held by Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio in Bologna).

Financial calendar 2011

9 March 2011: BoD to approve the results for FY 2010
20 April 2011: Shareholders' Meeting to approve the 2010 financial statements and payment of the dividend
11 May 2011: BoD to approve the results for first quarter 2011
25 August 2011: BoD to approve the results for first half 2011
10 November 2011: BoD to approve the results for the first nine months of 2011

IGD's Stock

Market: Italian Stock Exchange – STAR Segment
ISIN Code: IT0003745889
Minimum lot: €1
Price at 8 March 2011: €1.54
365 day high - low: € 1.02 – 1.60
No. of shares issued: 309,249,261
Specialist: Intermonte
Indices in which it is included: FTSE EPRA/NAREIT Global Real Estate Index; Euronext IEIF REIT Europe
Consensus target price (source Thomson Reuters): € 1.65

2010 Dividend

Dproposed dividend: €0.075
Ex div as of: 23 may 2011
Payable as of: 26 may 2011

Ordinary shareholders' meeting
20 april 2010

Place: the registered office of IGD SIIQ SpA, in Ravenna, via Agro Pontino 13, meeting room entrance on Via Villa Glori, 4
Agenda: approval of the financial statements for FY 2010 and payment of the dividend.

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We look forward to receiving your comments and suggestions regarding the newsletter: **investor.relations@gruppoigd.t**

The newsletter is **published every quarter**
Head: Claudio Albertini, IGD's CEO
Conceived and edited by Blue Arrow, Milan

GLOSSARY

EBIT
EBIT or Earnings before Interest and Taxes, is a figure which, when compared to EBITDA, includes some information on amortization, depreciation and the change in the property's fair value. In the case of IGD, which adheres to the IAS (International Accounting Standards), amortization and depreciation are not overly
significant as every six months, based on an independent appraisal, the value of the freehold properties is updated: the property is booked in the balance sheet at market value, while the difference in fair value is posted in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings before Interest, Taxes, Depreciation & Amortization, is the most significant measurement of a company's operating performance. It shows the earnings before interest, taxes, depreciation and amortization and, therefore, does not reflect the company's source of financing,
taxes or its investment cycle.

EPRA
European Public Real Estate Association.

GLA (Gross Leasable Area)
The total floor area designed for tenant occupancy which includes outside walls.

HYPERMARKET
Property with a sales area in excess of 2,500 m^2 used for the retail sale of food and non food products.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for all of the current year and the prior year.

LTV / LOAN TO VALUE
Ratio between the fair market value of real estate assets and the relative financing.

MALL/SHOPPING MALL
The building which houses all the stores and common areas.

MARKET VALUE
The estimated amount for which a property could be exchanged on the date of the appraisal between a willing buyer and a willing seller wherein the parties each acted knowledgably, prudently, and without compulsion.

NAV
The NAV or Net Asset Value, is one of the most important indicators used to value real estate companies. It is represents the asset value less net debt. The NAV per share shown in IGD's financial statements is the Triple Net Asset Value (3NAV): it is shown net latent capital gains and any tax effect.

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. The regulatory framework allows for publicly held listed companies, whose primary activities are related to real estate, to take tax exemptions once certain requirements related to income, equity and rental activities are satisfied.