

The impact on the result for the year includes the effect on:

- financial income and expenses of floating-rate receivables and payables;
- liquidated income and expenses of interest rate derivatives;
- change in fair value of interest rate derivatives.

The direct impact on equity is connected with the change in fair value of cash flow hedge derivatives.

Price risk associated with financial assets

The Group is exposed to price risk to the extent of the volatility of financial assets such as listed and unlisted equity shares and bonds, listed real estate investment funds and unlisted closed-end real estate investment funds for an amount equal to about 9 percent of total consolidated assets at December 31, 2008 (12 percent at December 31, 2007); the change in fair value of these financial assets is recognized in equity or in the income statement in accordance with IAS 39.

Listed equity shares and listed real estate investment funds, whose change in fair value is recognized in equity, represent 59 percent of total financial assets subject to price risk (77 percent at December 31, 2007). A change of 1 percent in these listed securities, all other conditions being equal, would cause a change of Euros 3,641 thousand (Euros 8,233 thousand at December 31, 2007) in the equity of the Group.

Financial assets, whose change in fair value is recognized through profit or loss, refer to unlisted closed-end real estate investment funds, whose fair value is arrived by reference to a basket of similarly listed securities. A change in the reference index relating to listed closed-end real estate funds of 1 percent, all other conditions being equal, would cause an impact on the result for the year of Euros 296 thousand (Euros 319 thousand at December 31, 2007).

Credit risk

Credit risk represents the Group's exposure to potential losses due to the non-fulfillment of obligations undertaken by commercial and financial counterparts.

The Group does have significant concentrations of credit risk.

In order to limit this risk with commercial counterparts, the Group has put into place procedures to assess the potential and financial creditworthiness of the customers in order to monitor flows of estimated collections and for recovery actions, if any.

The aim of these procedures is to define the customer credit limits which, if exceeded, will activate the rule causing supplies to be blocked.

In some cases the client is asked to furnish guarantees; these will mainly be bank guarantees provided by high-credit standing banks or personal guarantees. Mortgages are requested less frequently.

Another tool used to manage commercial credit risk are insurance policies taken out to forestall the risk of non-payment through a meticulous selection of the customer portfolio made together with the insurance company, which undertakes to guarantee compensation in the case of insolvency.

As for financial counterparts, for the management of temporary excess resources or for the negotiation of derivatives, the Group only uses high-credit worthy counterparts.

Receivables for shareholders' loans are evaluated together with the interest invested in the capital of the investment holding, using an analysis of cash flows generated by the relative underlying real estate projects.

The carrying amount of junior notes and non-performing loans is adjusted each time there is a change in the estimate of discounted cash flows expected and, in the case of impairment, is indirectly reduced through recognition of a specific provision account. In some cases, the customers are asked to furnish guarantees; these are mainly bank guarantees provided by high-credit standing banks, personal guarantees or mortgages.

Impairment losses on receivables are calculated on the basis of the risk of non-fulfillment by the counterpart determined by considering the information available on the solvency of the counterpart and historical experience. The carrying amount of receivables is indirectly reduced through recognition of a provision account.

Single significant positions, for which there is an objective condition of partial or total uncollectibility are written down individually. The amount of the impairment loss takes into account the estimate of future recoverable flows and the relative date of collection, recovery costs and expenses and the fair value of the guarantees, if any.

The positions which are not written down individually are included in groups with similar characteristics from the standpoint of credit risk and written down on a collective basis according to a percentage that increases as the overdue period increases. The collective impairment procedure also applies to receivables not yet due.

The writedown percentages are determined on the basis of historical experience and statistical data.

Liquidity risk

Liquidity risk represents the risk that available financial resources will not be sufficient to meet financial and commercial obligations within the prescribed time and due dates. The main instruments used by the Group to manage liquidity risk are three-year and annual financial plans and treasury plans that enable the Group to fully and correctly recognize and measure incoming and outgoing monetary flows. Variances between the plans and the actual figures are constantly analyzed.

Prudent liquidity risk management implies maintaining sufficient cash and/or short-term securities that can be readily converted into cash, the availability of funding through an adequate amount of committed credit facilities and/or the ability to close out market positions. Due to the dynamic nature of the businesses in which it operates, the Group aims to maintain flexibility in funding by using committed credit lines.

In order to optimize the management of financial resources and thus the liquidity risk, the Group has implemented a centralized system for managing collection and payment flows while respecting the different local currency and tax laws. The negotiation and management of banking relations is conducted centrally so that short-term and medium-term financial requirements are assured of coverage at the lowest cost possible. Even the funding of medium/long-term resources on the capital market is optimized by using centralized management.

At December 31, 2008, in addition to liquidity and securities held for trading, equal to Euros 369,705 thousand, the Group has unused committed credit facilities of Euros 785,000 thousand (Euros 2,672,000 thousand at December 31, 2007), with the following expiration dates:

(in thousands of euros)

| | |
|------|----------------|
| 2010 | 10.000 |
| 2011 | 136.000 |
| 2012 | 639.000 |
| | 785.000 |

The maturities of financial liabilities at December 31, 2008 can be summarized as follows:

(in thousands of euros)

| | within 1 year | between 1 and 2 years | between 2 and 5 years | beyond 5 years | Total |
|--|----------------------|------------------------------|------------------------------|-----------------------|------------------|
| Trade payables | 1,108,573 | - | - | - | 1,108,573 |
| Other payables | 482,401 | 29,706 | 15,006 | 3,760 | 530,873 |
| Derivative financial instruments | 110,473 | 2,139 | - | - | 112,612 |
| Borrowings from banks and other financial institutions | 695,561 | 312,427 | 1,057,320 | 6,000 | 2,071,308 |
| | 2,397,008 | 344,272 | 1,072,326 | 9,760 | 3,823,366 |