Draft for discussion
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IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETÀ DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.

Registered office: Via Agro Pontino 13, Ravenna, Italy

Share capital: EUR 309,249,261 fully subscribed and paid-in

Ravenna Companies Register and tax identification no. 00397420399

GENERAL MEETING OF THE SHAREHOLDERS OF IGD SIIQ S.P.A.
22 - 23 APRIL 2010

REPORT OF THE BOARD OF DIRECTORS OF IGD SOCIETÀ DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A. ("IGD" OR THE "COMPANY'") FOR THE EXTRAORDINARY GENERAL MEETING CALLED FOR 22 APRIL 2010 (FIRST CALL) AND 23 APRIL 2010 (SECOND CALL) TO CONSIDER THE MOTION TO ALTER THE TERMS AND CONDITIONS OF THE CONVERTIBLE BOND LOAN *"€230,000,000 2.50 PER CENT CONVERTIBLE BONDS DUE* 2012," ISSUED PER THE COMPANY'S RESOLUTION OF 25 JUNE 2007; CONSEQUENT ADJUSTMENT OF THE MAXIMUM AMOUNT, NUMBER AND ISSUE PRICE OF THE SHARES RESULTING FROM THE CAPITAL INCREASE TO SERVICE THE BOND LOAN AS RESOLVED BY THE COMPANY ON 25 JUNE 2007; CONSEQUENT AMENDMENT TO ART. 6 OF THE BY-LAWS; RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

the Board of Directors has called you to an extraordinary general meeting to request your approval of the motion to: *(i)* alter the terms and conditions of IGD's convertible bond loan entitled *"€230,000,000 2.50% Convertible Bonds due 2012,*" issued per the Company's resolution of 25 June 2007; and *(ii)* consequently modify the resolution for the capital increase to service conversion of the bonds, adopted by the Company on the same date.

1. REASONS FOR THE MOTION

You are reminded that:

(a) The extraordinary general meeting of 25 June 2007 *(i)* voted to issue bonds convertible into newly issued ordinary shares of IGD, pursuant to Art. 2420-*bis*(1) of the Italian Civil Code, with a combined nominal value of EUR 230,000,000.00, represented by 2,300 convertible bonds of nominal value EUR 100,000.00 each (the "**Convertible Bonds**"), and *(ii)* resolved to increase the share capital for the purpose of servicing conversion of the bonds up to a maximum of EUR 46,653,144.00 at par, in one or more installments through the issue of up to 46,653,144 ordinary shares of par value EUR 1.00 each, i.e. at a ratio of 20,283.97565 new ordinary shares for each convertible bond and therefore at an issue price of EUR 4.93 per share subscribed (including a premium of EUR 3.93). For a description of the terms and conditions of the operation and the reasons for excluding pre-emption rights, see the report approved by the Board of Directors on 21 May 2007, available online at www.gruppoigd.it.

(b) The main characteristics of the convertible bonds are as follows:

- duration of 5 years, maturing on 28 June 2012;
- cash coupon and annual yield to maturity: 2.5% per year of the nominal value of each convertible bond; and
- right to convert the bonds into newly issued ordinary shares of IGD, at the bond holder's discretion any time from the fortieth day after 28 June 2007 until six days prior to maturity, at the ratio of 20,283.97565 shares for each convertible bond, subject to any adjustments as stated in the Convertible Bond Regulations.

(c) In execution of the general meeting resolution of 25 June 2007, on 28 June 2007 the Company issued the 2,300 convertible bonds placed by J.P. Morgan Securities Ltd. and BNP Paribas S.A. in May 2007 with Italian and foreign institutional investors pursuant to Regulation S of the US Securities Act of 1933, as amended, excluding the United States of America, Australia, Canada and Japan.

(d) As of this writing, no conversion rights regarding the convertible bonds have been exercised.

In relation to the above, the Board of Directors requests your approval to alter the terms and conditions of the convertible bonds and thus to amend the resolution to increase the share capital to service those bonds, as described below. Such changes would serve to maintain an adequate balance of financing within the IGD Group. In particular, the proposed changes would allow the Company:

- to align the duration of the convertible bonds with that of the Group's 2009-2013 business plan—by extending the bonds' original maturity by 18 months—and therefore maintain within the Group until 2013 the financial resources associated with the bonds;
- to limit the Group's borrowing costs for an additional 18 months at a time of great

uncertainty as to credit spreads (which have grown narrower in the last year) and interest rates. Financial conditions for the the Company would be more favorable than if it proceeded with a new bond issue, given the market's relatively low interest at the moment in unrated bonds;

- to revise the characteristics of the convertible bonds, in particular the conversion price, thereby reducing the cash outlay upon maturity of the bonds to the extent that the bond holders have exercised their right to convert the bonds into ordinary IGD shares and ensuring that the changes, as a whole, do not substantially alter the price of the convertible bonds with respect to the prices current on the secondary market.

Pursuant to the Convertible Bond Regulations, changes to the terms and conditions of the bonds require the approval of the bond holders' meeting, which the Company will call for that purpose on [22] April 2010 prior to the general meeting of the shareholders.

2. DESCRIPTION OF THE CHANGES

The Board of Directors believes it is consistent with the reasoning stated above to request your approval of the following changes to the convertible bonds and the capital increase carried out to service their conversion.

Changes regarding the convertible bonds

The changes that we propose making to the convertible bonds, effective from 28 June 2010, consist of:

- extending the bonds' maturity from 28 June 2012 until 28 December 2013;
- increasing the bonds' cash coupon and annual yield to maturity from 2.50% to 3.50% per year of the nominal value of each convertible bond;
- paying the coupon half-yearly instead of yearly, on 28 June and 28 December of each year of the bonds' remaining life;
- changing the conversion ratio of the bonds from 20,283.97565 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond to 36,363.63636 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond (save for any adjustments required by the Convertible Bond Regulations), and changing the conversion price of the bonds from EUR 4.93 to EUR 2.75;

- modifying the Convertible Bond Regulations accordingly, including by changing the name of the operation to "*€230,000,000 3.5% Convertible Bonds due 2013*", leaving all other terms and conditions unchanged.

On 11 March 2010, Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**") provided the Company's Board of Directors with a fairness opinion (the "**Opinion**") regarding the proposed changes to the Convertible Bond, stating that the restructuring of the loan as envisaged by the Board of Directors is fair from a financial point of view, within the limits and under the conditions specified in the Opinion. Specifically, according to the Opinion, under the economic and market conditions prevailing at 8 March 2010, the bonds' pricing post-restructuring is in line with their pricing pre-restructuring as of the same date.

Changes regarding the capital increase to service conversion of the bonds

In keeping with the proposed changes to the conditions of the convertible bonds, we also request your approval to modify the numerical terms of the resolution for a capital increase to service the bonds, adopted on 25 June 2007.

Specifically, it is necessary to:

- change the maximum amount of the par value and number of the shares originating from the capital increase to service the conversion, by increasing the maximum par value from EUR 46,653,144.00 to EUR 83,636,364 and the maximum number of shares to be issued from 46,653,144 to 83,636,364;
- change the conversion ratio from 20,283.97565 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond to 36,363.63636 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond, and modify the issue price of the shares generated by the capital increase from EUR 4.93 to EUR 2.75;
- amend Art. 6.5 of the by-laws accordingly.

3. CRITERIA FOR DETERMINING THE ISSUE PRICE OF THE SHARES

The unit price for the newly issued shares will be EUR 2.75, of which EUR 1.00 will be allocated to share capital and EUR 1.75 as a premium.

The issue price per share, in the context of the convertible bonds, represents the exercise price of the conversion option embedded in the bonds, and in that sense is one of the variables that define its financial profile.

The bonds' other fundamental variables are duration and interest rate.

A change in just one of the variables specified would undoubtedly alter the value of the convertible bonds. On the other hand, if one of the variables is to be modified, a change in the others could offset the impact on the value of the bond by virtue of their intercorrelations.

Once again, the purpose of the proposed changes is essentially to extend the bonds' original maturity by 18 months in order to bring their duration into line with that of the Group's 2009-2013 business plan, while limiting the cost of debt and maintaining the price of the bonds with respect to those prevailing in the secondary market.

The Board of Directors believes that the higher cost of debt that will result from raising the coupon from 2.50% to 3.50% per year is sustainable for the Group, especially in consideration of how much it would cost under today's market conditions to issue a new bond loan.

Once the new maturity and coupon were established, the Board calculated the change it would have to make to the conversion price in order to minimize the operation's impact on the price of the convertible bonds. Using the trinomial tree model, the new conversion price was determined to be EUR 2.75.

The Board of Directors is therefore confident that the proposed restructuring would be satisfactory in terms of the Company's objectives and the possible impact on the market.

The Board is also confident that the criteria for calculating the new issue price of the shares (EUR 2.75, corresponding to the conversion price of the convertible bonds) are consistent with those required by Art. 2441(6) of the Italian Civil Code because the price, as modified, is higher than the net equity per share stated in the draft financial statements at 31 December 2009 (approved by the Board of Directors on 11 March 2010) of EUR 2.374 per share and takes account of the performance of IGD stock during the last half-year, during which the average price was EUR 1.51.

4. RIGHT OF WITHDRAWAL

The proposed by-law amendments do not give dissenting shareholders the right of withdrawal pursuant to Civil Code Art. 2437.

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The text of the above report has been provided to the external auditors in accordance with Art. 158

of Legislative Decree 58 of 24 February 1998, and to Consob in accordance with Art. 92 of the Issuers' Regulations.

Dear shareholders,

in light of the above, we request your approval of the following motions:

"The extraordinary general meeting of the shareholders,

- having heard the motions presented by the Board of Directors,
- having acknowledged the fairness opinion released by the external auditors, Reconta Ernst & Young S.p.A.,
- having noted the general meeting of the bond holders' approval on [date] of the changes to the terms and conditions of the bond loan '*€230,000,000 2.50 per cent Convertible Bonds due 2012,'*

hereby resolves:

1) to approve, to the extent of its responsibilities, the following changes to the terms and conditions of the convertible bonds of the loan '*€230,000,000 2.50 per cent Convertible Bonds due 2012*' issued by the Company per resolution of 25 June 2007 (the "Convertible Bonds"), with effect from 28 June 2010:

   (i) extension of the bonds' maturity from 28 June 2012 until 28 December 2013;

   (ii) increase in the Convertible Bonds' cash coupon and annual yield to maturity from 2.50% to 3.50% of the nominal value of the Convertible Bonds;

   (iii) half-yearly instead of yearly payment of the coupon, on 28 June and 28 December of each year of the bonds' remaining life;

   (iv) change in the conversion ratio of the bonds from 20,283.97565 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond to 36,363.63636 ordinary IGD shares with a par value of EUR 1.00 each per convertible bond (save for any adjustments required by the Convertible Bond Regulations), and change in the conversion price of the bonds from EUR 4.93 to EUR 2.75;

2) to acknowledge the changes to the Convertible Bond Regulations resulting from the above

resolutions, leaving the other conditions and means of exercise of the Convertible Bonds unchanged;

3) to approve, as a result of the new terms and conditions of the Convertible Bonds, the following changes to the resolution approving an increase in capital to service the bonds (adopted by the Company on 25 June 2007), with effect from 28 June 2010, leaving the other terms and conditions of said resolution unchanged:

   (i) raising of the maximum par amount of the capital increase from EUR 46,653,144.00 to EUR 83,636,364 and of the maximum number of shares to be issued from 46,653,144 to 83,636,364;

   (ii) change in the conversion ratio of the bonds from 20,283.97565 ordinary shares of the Company with a par value of EUR 1.00 each for every Convertible Bond to 36,363.63636 ordinary shares of the Company with a par value of EUR 1.00 each for every Convertible Bond;

   (iii) corresponding change in the issue price of the shares resulting from the capital increase from EUR 4.93 to EUR 2.75;

4) to amend Art. 6.5 of the by-laws as follows:

Current text	**Proposed text**
Article 6.5	**Article 6.5**
On 25 June 2007, the extraordinary general meeting voted to issue bonds convertible into newly issued ordinary shares of the Company with a combined nominal value of EUR 230,000,000.00 represented by 2,300 bonds of nominal value EUR 100,000.00 each, excluding pre-emption rights pursuant to Civil Code Article 2441, paragraphs 5 and 6. The meeting thus resolved to increase the share capital for the purpose of servicing conversion of the bonds up to a maximum of EUR ~~46,653,144.00~~ at par, in	On 25 June 2007 **and on [22] April 2010,** the extraordinary general meeting voted to issue bonds convertible into newly issued ordinary shares of the Company with a combined nominal value of EUR 230,000,000.00 represented by 2,300 bonds of nominal value EUR 100,000.00 each, excluding pre-emption rights pursuant to Civil Code Article 2441, paragraphs 5 and 6. The meeting thus resolved to increase the share capital for the purpose of servicing conversion of the bonds up to a

one or more installments through the issue of up to ~~46,653,144~~ ordinary shares of par value EUR 1.00 each. The newly issued shares will bear the same rights as the shares outstanding at the issue date and will be allocated exclusively and irrevocably for the conversion of the bonds. The above capital increase will be irrevocable until the deadline for the conversion of the bonds and is limited to the value of the shares resulting from the conversion.	maximum of **EUR 83,636,364** at par, in one or more installments through the issue of up to **83,636,364** ordinary shares of par value EUR 1.00 each. The newly issued shares will bear the same rights as the shares outstanding at the issue date and will be allocated exclusively and irrevocably for the conversion of the bonds. The above capital increase will be irrevocable until the deadline for the conversion of the bonds and is limited to the value of the shares resulting from the conversion.

5) to grant severally to the chairman, the vice chairman, and the chief executive officer the broadest powers to take all other action necessary or useful for implementing the above resolutions, either personally or through delegated parties, and, in particular, to see to the formalities required for entering the resolutions in the Companies Register, including the power to make any changes, adjustments or additions that may be appropriate to that purpose or required by the authorities at the time of registration or otherwise; to prepare and submit to the competent authorities any document, communication or act that is necessary or opportune for carrying out the resolutions; and, in general, to take all steps necessary for the complete execution of the resolutions, enjoying all and any powers, bar none, that are necessary and appropriate therefor.

for the Board of Directors

Bologna, 11 March 2010.