



IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETÀ DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.

Registered office: Via Agro Pontino 13, Ravenna

Headquarters: Via Trattati Comunitari Europei 1957-2007, n. 13, Bologna

Share capital fully subscribed and paid-in: EUR 599,760,278.16

comprising n. 81,304,563 ordinary shares

Ravenna Companies Register and tax identification no. 00397420399

Ravenna Chamber of Commerce (R.E.A.) no.: 88573

Company subject to the direction and control of Coop Alleanza 3.0 Soc. Coop.

ORDINARY ANNUAL GENERAL MEETING OF IGD SIQ S.P.A.
1-4 JUNE 2018

EXPLANATORY NOTES ON THE ITEMS OF THE AGENDA PREPARED BY THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLES 125-*TER* AND 154-*TER* OF LEGISLATIVE DECREE N. 58/1998 AS
WELL AS ART. 73 OF THE CONSOB REGULATION ADOPTED BY RESOLUTION N. 11971/1999

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1. Separate financial statements at 31.12.2017; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2017; related and consequent resolutions;
2. Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions;
3. Report on compensation in accordance with Art. 123-*ter*, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;
4. Authorization to purchase and dispose of treasury shares; related and consequent resolutions;

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Item 1 of the Agenda of the Ordinary General Meeting - Separate financial statements at 31.12.2017; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2017; related and consequent resolutions.

Dear Shareholders,

The separate financial statements for the year ended on 31 December 2017 which are being submitted to you for your approval show a net profit of € 85,368,139. Total revenues amounted to €112.6 million, recording an increase with respect to the prior year of €35.7 million, equal to 46.4%. Operating costs, including G&A expenses, are higher with respect to the previous year but their impact on revenues has improved going from 29% to 23.8%.

These changes are mainly attributable to the merger by incorporation of the wholly-owned subsidiaries IGD Property SIINQ S.p.A. and Punta di Ferro SIINQ S.p.A. in IGD SIIQ S.p.A.. As a result of this transaction the following assets became part of IGD SIIQ S.p.A.'s real estate portfolio: mall of the Punta di Ferro shopping center, mall and hypermarket of the Esp, Borgo and Casilino shopping centers, mall of the Katanè shopping center, hypermarket of the Lame shopping center, as well as Aquileia and Miralfiore stores. The full year contribution of the Marema center, inaugurated in October 2016, and the ESP extension, opened on 1 June 2017, contributed to the increase in rental income.

EBIT equal to €118.4 million, shows a significant increase with respect to 2016 when it was €62.6 million, due to (i) the merger operation mentioned above, (ii) improvement in margins and (iii) fair value increase.

Financial management at 31 December 2017 stands at €32.9 million, showing an increase of €3.9 million with respect to the prior year mainly due to the full-year financial charges related to the bond issued on 31 May 2016 and the financial charges related to the 100 million bond issued on 11 January 2017. The increase was partially offset by a drop in financial charges explained by IRS differentials, the termination of a mortgage loan at its natural maturity in December 2016 and a decrease in the use of short-term credit lines.

The IGD Group's total operating revenue at 31 December 2017 amounted to €150.2 million, an increase of 8.2% with respect to the 2016 (Total operating revenue at 31 December 2016 amounted to €138.8 million). This increase was mainly due to higher revenues on a non like-for-like basis, resulting from the opening of Marema shopping mall in Grosseto, which took place in October 2016, and the

extension of Esp shopping center in Ravenna, which opened in June 2017,, together with like-for-like growth in both Italy and Romania.

Core business revenue reached €145.1 million, increasing compared to €136.8 million recorded in 2016. More in detail, rental income at 31 December 2017 recorded a 5.8% change with respect to 2016, due to what is reported above.

Direct costs, pertaining to the core business and including personnel expenses, amounted to €32.8 million at 31 December 2017, an increase of 5.6% with respect to the prior year. This increase is primarily attributable to portfolio extension, but their impact on core business revenues, equal to 22.6%, is slightly decreasing compared to 22.7% of the previous year.

General expenses for the core business, including payroll costs at headquarters, amounted to €11.1 million, increasing compared to €10.9 million posted at 31 December 2016 and with a percentage of revenue at 7.6% on the core business' revenue which has improved with respect to the same period of last year.

The Gross Operating Margin (EBITDA) in 2017 amounted to €100.5 million, an increase of 6.9% compared to €94 million posted in the prior year. IGD Group's core business EBITDA at 31 December 2017 amounted to €101.2 million, with an increase of 6.7% with respect to the €94.9 million recorded at 31 December 2016.

The EBITDA Margin for the core business amounted to 69.7%, up by 0.4 percentage points with respect to the same period of previous year, when it was equal to 69.3%. IGD Group's EBIT at 31 December 2017 amounted to €123.2 million, an increase of 9.7% with respect to the €112.3 million recorded at 31 December 2016, mainly due to the increase in EBITDA described above and positive increase in fair value. The pre-tax income at 31 December 2017 amounted to €88.7 million, an increase of 26.9%, with respect to €69.9 million of 2016.

The Group's portion of net profit at 31 December 2017 amounted to €68.86.5 million, an increase of 29.2%, compared to €68.3 million posted in 2016. Core business Funds from Operations (FFO) amounted to €65.6 million, with an increase of 21.7% compared to previous year.

Financial charges improved noticeably compared to the prior year despite the increase in average debt in 2017. The decrease of €7.7 million, around 18.2%, is attributable mainly to the drop in financial expenses linked to the early repayment of a few mortgages in the prior year, the termination of a mortgage loan at its natural maturity in December 2016, as well as a decrease in the use of short-term credit lines and lower interest rates. The decline in financial charges also reflects the lower interest

payable on IRS, including as a result of the expiration of one IRS in April 2017.

The decrease in financial charges was partially offset by the costs associated with the €300 million bond issued on 31 May 2016 and the €100 million bond issued on 11 January 2017, as well as the rating costs and the fees on expiring Committed Revolving Credit Facilities.

IGD Group's net financial debt at 31 December 2017 amounted to €1,059.6 million, an increase compared to 31 December 16 when it was equal to €1,055.4 million, due to investments made during the year. Gearing ratio (0.94x) and Loan to Value (47.36%) are in line with Business Plan forecast.

The Real Estate Portfolio at 31 December 2017

Based on CBRE Valuation S.p.A., Duff & Phelps REAG S.p.A., Cushman & Wakefield and Jones Lang Lasalle's independent appraisals, the market value at 31 December 2017 of IGD Group's real estate portfolio reached €2,228.2 million, increasing compared to €2,177.8 million recorded at 31 December 2016.

In light of the above, the Board of Directors submits the following proposal to you for approval:

“The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,

- *having seen the Board of Directors' report;*
- *having seen the Board of Statutory Auditors' report;*
- *having examined the Company's financial statements for the year ended 31 December 2017;*
- *having acknowledged the report prepared by the external auditors PricewaterhouseCooper S.p.A.;*

resolve

1. *to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2017 with a Net Profit of €85,368,139 and the Board of Directors' report;*

* * *

Item 2 of the Agenda of the Ordinary General Meeting – Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions.

Dear Shareholders,

The statutory profit came to €85,368,139 at 31 December 2017, an increase of 102.2% with respect to the €42,228,687 recorded in 2016. The Board of Directors, subject to the approval of the financial

statements for the year ended on 31 December 2017, proposes:

- to allocate €31,419,748 of the profit to the fair value reserve, relating to the fair value measurement of the real estate portfolio. Consequently, the fair value reserve relating to the fair value measurement of the real estate portfolio would increase from €276,316,175 to €307,735,923;
- to allocate €1,513,549 of the profit as retained earnings from taxable operations;
- to allocate €15,730,452 of the profit as retained earnings from exempt operations;
- to pay a dividend of €0.50 per share.

The above dividend will be paid on each of the outstanding shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date, and, therefore, also on the 29,037,340 shares of IGD, with dividend rights, issued to service the capital increase, for €149,977,861.10, completed in April 2018 in execution of the resolution approved during the Extraordinary Shareholders' Meeting held on 12 February 2018.

The total dividend payout, calculated based on the number of shares outstanding at the date of this report (110.341.903 ordinary shares), amounts to €55,170,951.50 to be taken from:

- for €36,704,90, distributable income generated by exempt operations equal to 70% of the distributable income generated by exempt operations and subject to mandatory distribution;
- for €12,628,022, partial utilization of the reserve for retained earnings from exempt operations arising from the merger by incorporation of Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A., which equals 70% of these reserves and subject to mandatory distribution;
- for €5,838,539.50, partial utilization of the reserve for retained earnings from exempt operations.

In light of the above, the Board of Directors submits the following proposal to you for approval:

“The shareholders of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., meeting in ordinary session, having examined the Board of Directors report,

resolve

1. *to allocate Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s statutory profit for 2017 of €85,368,139 as follows:*

- €31,419,748 to the fair value reserve, relating to the fair value measurement of the real estate portfolio. Consequently, the fair value reserve relating to the fair value measurement of the real estate portfolio will increase from €276,316,175 to €307,735,923;
 - €1,513,549 as retained earnings from taxable operations;
 - €15,730,452 as retained earnings from exempt operations;
 - €36,704,390 as dividends, deriving from the distributable income generated by exempt operations equal to 70% of the distributable income generated by exempt operations and subject to mandatory distribution;
2. to pay a dividend of €0.50 per share on each of the outstanding ordinary shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date.

The total dividend payout, calculated based on the number of IGD shares outstanding at the date of this report (110,341,903 IGD shares), amounts to €55,170,951.50 to be taken from:

- for €36,704,90, distributable income generated by exempt operations equal to 70% of the distributable income generated by exempt operations and subject to mandatory distribution;
- for €12,628,022, partial utilization of the reserve for retained earnings from exempt operations arising from the merger by incorporation of Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A., which equals 70% of these reserves and subject to mandatory distribution;
- for €5,838,539.50, partial utilization of the reserve for retained earnings from exempt operations.

The dividend will be payable as from 13 June 2018 with shares going ex-dividend on 11 June (detachment of coupon n. 2) In accordance with Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, the shareholders of IGD at the record date (19 May 2015) as per the records of the intermediary, pursuant to Art. 83-quater, par. 3 of Legislative Decree n.58 of 24 February 1998, will be entitled to receive the dividend;

3. to grant the Chairman and the Chief Executive Officer, jointly or severally, the power to determine the exact number of shares with dividend rights entitled to receive dividends.

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Item 3 of the Agenda of the Ordinary General Meeting – Remuneration report pursuant to 123-ter, paragraph 6, of Legislative Decree 58/98; related and consequent resolutions.

Dear Shareholders,

as you are well aware, pursuant to art. 123-ter of TUF, listed companies are required to prepare a Remuneration Report and make it available to the general public.

This report was approved by the Board of Directors on 22 February 2018, subject to approval by the Nominations and Compensation Committee, and made available to the public at the Company's registered office, on the Company's website <http://eng.gruppoigd.it/>, in the *Governance – Shareholders' Meeting – Annual General Meeting 1-4 June 2018* section and on the authorized storage system eMarket STORAGE www.emarketstorage.com in accordance with the law.

Pursuant to art. 123-ter, paragraph 6, of TUF, you are being asked to resolve either in favor or against the first section of the Remuneration Report, called for in paragraph 3 of art. 123-ter, which describes the Company's policy relating to remuneration of members of the Board of Directors, general managers and executives with strategic responsibilities, as well as the procedures used to adopt and implement said policy.

We remind also that, pursuant to art. 123-ter, paragraph 6, of TUF, the resolution that you are requested to approve will not, in any case, be binding in nature.

In light of the above, the Board of Directors submits the following proposal to you for approval:

“The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,

- *having examined and discussed the section of the Remuneration Report called for under art. 123-ter, paragraph 3, of Legislative Decree n. 58 dated 24 February 1998, prepared by the Board of Directors based on the recommendations of the Remuneration and Nominations Committee, which describes the Company's policy relating to remuneration of members of the Board of Directors, general managers and executives with strategic responsibilities, as well as the procedures used to adopt and implement said policy, and made available to the public in accordance with the law;*

resolves

to approve the first section of the Remuneration Report adopted by the Board of Directors on 22 February 2018 pursuant to art. 123-ter of Legislative Decree n. 58 dated 24 February 1998.”

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Item 4 of the Agenda of the Ordinary General Meeting – Authorization to purchase and dispose of treasury shares; related and consequent resolutions.

Dear Shareholders,

We remind you that on 12 April 2017 the Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares pursuant to Art. 2357, second paragraph, of the Italian Civil Code. The authorization to purchase treasury shares was effective for 18 (eighteen) months as from the date of the shareholder's resolution, while the authorization to dispose of treasury shares was without a time limit. The authorization to purchase treasury shares, therefore, will expire on 12 October 2018.

In consideration of the opportunity to renew for a further period this authorization to the Board, it is proposed to the Shareholders to revoke the authorization due to expire, granting a new authorization for a period of 18 (eighteen) months. The authorization we propose to grant to the Board will be in line with the one granted on 12 April 2017.

Reasons for the proposed authorization

The authorization to buy and sell treasury shares is deemed opportune in order to pursue the Company's aims as allowed by regulations and market practices recognized by Consob, which include:

- i) trading and hedging transactions;
- ii) to invest liquidity;
- iii) 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.
- iv) fulfilment of any obligations stemming from debt instruments that are convertible in or exchangeable with equity instruments;
- v) fulfilment of any obligations deriving from stock options or other stock grants to employees or members of administrative bodies of the Company and/or directly or indirectly controlled subsidiaries.

Maximum number of shares subject to authorization

At the date of this report the share capital is equal to €749,738,139.26 entirely subscribed and paid-in, broken down in 110,341,903 ordinary shares without a stated par value.

In this regard, we propose that the shareholders authorize the purchase of treasury shares on one or more occasions of up to the maximum permitted by law, equal to the 20% of share capital pursuant art. 2357, item 3 of the Civil Code.

The purchases may be made using distributable income and available reserves as of the last annual report approved.

The authorization includes the ability to dispose, including before the maximum amount has been purchased, and repurchase the shares held to the extent that the total treasury shares held by the Company does not exceed the limit established in this authorization.

Useful valuation information provided pursuant to Art. 2357, paragraph 3 of the Italian Civil Code.

As of the date of this report neither the Company nor its subsidiaries hold any shares in the Company. The subsidiaries are required to advise of any purchases made in a timely manner in accordance with and pursuant to Art. 2359-*bis* of the Italian Civil Code.

Duration of the authorization

The authorization to purchase treasury shares will be effective for 18(eighteen) months as from the date of the shareholder's resolution.

There is no time limit on the authorization to dispose of the shares.

Maximum and minimum prices

The purchases may be made at prices which comply with Art. 5, paragraph 1, of European Commission Regulation n. 569/2014 of 16 April 2014 and Art. 3, of Commission Delegated Regulation n. 1052/2016 or with other provisions applying to time of transactions. More in detail, based on this article the issuer may not acquire shares at a price that is higher than the highest price between the last independent trade and current higher last independent offer made on the stock exchange organized and managed by *Borsa Italiana S.p.A.*

The disposal of treasury shares, as part of cash transactions, may be made at a price that is not 90% lower than the stock's official closing price recorded during the last market session of the stock exchange organized and managed by *Borsa Italiana S.p.A.* prior to each single transaction. This parameter is deemed to adequately reflect when the sale is in the best interest of the Company.

In the event the treasury shares are part of exchanges, swaps, transfers or any other non-cash

transaction, the economic terms and conditions of the transaction, including the valuation of the shares exchanged, will be determined on the basis of the type of transaction, as well as the market performance of IGD SIIQ S.p.A.'s shares.

Ways in which the purchases and the disposals will be made.

The purchase of treasury shares must be done in accordance with Art. 132 of Legislative Decree n. 58 dated 24 February 1998 (“*Testo Unico della Finanza*” or “TUF”), Art. 144-*bis* of CONSOB Resolution n. 11971/99 (the “Regulations for Issuers”) and any other applicable regulation, as well as the market practices recognized by Consob.

More in detail, the purchases of treasury shares must be made in accordance with Art. 144-*bis*, para. 1, letters (a), (b), (c) and *d-ter*) of the Regulations for Issuers. The purchases may be made in ways others than those mentioned above when allowed under Art. 132, para. 3, of TUF or any other legal provisions applicable at the time of the transaction.

The disposals may be made, on one or more occasion, even prior to having completed the purchases.

The disposals may be made in accordance with the law and recognized market practices as follows:

- i) as part of cash transactions on regulated and/or non regulated markets (off the market);
- ii) as part of exchanges, swaps, transfers or any other disposals related to business projects or extraordinary financial transactions.

Information regarding the purchases and the reduction of share capital

Please note that the authorization requested to purchase treasury shares is not instrumental to reducing share capital.

In light of the above, the Board of Directors submits the following proposal to you for approval:

“The Ordinary Shareholders’ Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., having acknowledged the proposal submitted by the Board of Directors,

resolve

1. *to revoke the authorization granted by the Ordinary General Meeting on 12 April 2017 to buy and sell treasury shares;*
2. *to authorize the purchase, including through the trading of options and IGD SIIQ S.p.A ordinary stock derivatives on one or more occasions up to the maximum permitted by law, for a period of 18 (eighteen) months as from the date of the this resolution.*

The purchases must be made in accordance with Art. 144-bis, par.1, letters (a), (b), (c) and d-

ter) of the Regulations for Issuers at prices which comply with Art. 5, par. 1, of EC Regulation n. 596/2014 of 16 April 2014 and Art. 3, par. 2 of EC Delegated Regulations n. 1052/2016 of 8 March 2016 or with other provisions applying to time of transactions.

The purchase of treasury shares must be done in accordance with Art. 2357 et seq., Art. 132 of Legislative Decree n. 58/98, Art. 144-bis of the Regulations for Issuers and any other applicable regulation, as well as the market practices recognized by Consob.

3. *to authorize the disposal of treasury shares, on one or more occasion, without a time limit, as deemed in the interest of the Company and in accordance with the law as follows:*

i) as part of cash transactions on regulated and/or non regulated markets (off the market) at a price that is not 90% lower than the stock's official closing price recorded during the last market session of the stock exchange organized and managed by Borsa Italiana S.p.A. prior to each single transaction;

ii) as part of exchanges, swaps, transfers or any other disposals related to business projects or extraordinary financial transactions. In this case the economic terms and conditions of the transaction, including the valuation of the shares exchanged, will be determined on the basis of the type of transaction, as well as the shares' market performance.

The disposals may be made even prior to having completed the purchases authorized in this resolution;

4. *to grant the Board of Directors and on its behalf the Chairman and the Chief Executive Officer, severally, the broadest powers to take all other action necessary or useful to implementing the above resolutions and to make the necessary market disclosures in accordance with the law.”*

Bologna, 26 April 2018

On behalf of the Board of Directors

The Chairman

Elio Gasperoni