IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETÀ DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.
Registered office: Via Trattati Comunitari Europei 1957-2007, n. 13, Bologna
Share capital fully subscribed and paid-in: EUR 749,738,139.26
comprising n. 110,341,903 ordinary shares
Bologna Companies Register and tax identification no. 00397420399
Bologna Chamber of Commerce (R.E.A.) no.: 458582
Company subject to the direction and control of Coop Alleanza 3.0 Soc. Coop.

ORDINARY ANNUAL GENERAL MEETING OF IGD SIIQ S.P.A.
10 – 11 APRIL 2091

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 31.12.2018; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2018; 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 31.12.2018; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2018; related and consequent resolutions.

Dear Shareholders,

The separate financial statements for the year ended on 31 December 2018 which are being submitted to you for your approval show a net profit of € 41,242,164**.** Total revenues amounted to €124,8888,689 million, recording an increase with respect to the prior year of €12,289,387 million, equal to 10.91%. Operating costs, including G&A expenses, are higher with respect to the previous year but their impact on revenues has improved going from 23.8% to 21.9%. Please note that these changes are attributable primarily to the acquisition made during the year of 4 shopping malls and a retail park located in northern Italy (Leonardo Shopping Center in Imola, Lame Shopping Center in Bologna, La Favorita Shopping Center and Retail Park in Mantua and CentroLuna in Sarzana) and the full year contribution of the rents and lease payments stemming from the extension of the ESP Shopping Center inaugurated on 1 June 2017.

Financial management at 31 December 2018 stands at €31,499,235 million, showing a decrease of €1,357,856 million with respect to 2017 due mainly to a decrease in the financial expense related to the amortized cost of bonds following first-time application of the new IFRS 9, which resulted in an increase in the liabilities for bond loans and a decrease in the relative financial expense, as well as less utilization of short-term credit lines.

The IGD Group’s total operating revenue at 31 December 2018 amounted to €162.5 million, an increase of 8.19% As described above, the increase is attributable primarily to the acquisition during the year of 4 shopping malls and a retail park located in northern Italy (Leonardo Shopping Center in Imola, Lame Shopping Center in Bologna, La Favorita Shopping Center and Retail Park in Mantua and CentroLuna in Sarzana), as well as the full year contribution of the rents and lease payments stemming from the extension of the ESP Shopping Center inaugurated on 1 June 2017.

Core business revenue reached €158.1 million, increasing compared to €145.1 million recorded in 2017. More in detail, rental income at 31 December 2018 recorded a 9.2% change with respect to 2017, due to what is reported above.

Direct costs from rental activities amounted to €27,728 thousands at 31 December 2018, an increase of

2.6% with respect to the prior year, but their impact on revenues, equal to 18.3%, is decreasing compared to 19.5% of the previous year. The increase in costs is attributable mainly to the expanded perimeter (property tax - *IMU*, insurance and condominium fees), partially offset by a decrease in provisions and other costs.

General expenses for the core business, including payroll costs at headquarters, amounted to €11,456 thousands, showing an increase of 3.6% compared to €11,063 thousands posted at 31 December 2017, but their impact on revenues is decreasing (7.2% recorded at 31 December 2018 compared to 7.6% of the previous year). The increase is attributable primarily to an increase in expenses like security and listing costs, as well as one-offs recorded in the period linked to corporate projects.

The Gross Operating Margin (EBITDA) in 2018 amounted to €113,723 thousand, an increase of 12.4% compared to the prior year. IGD Group's core business EBITDA at 31 December 2018 amounted to €112,632 thousands, with an increase of 12.1%. This change is explained primarily by the increase in core business revenue (as a result also of the expanded perimeter), offset by the less than proportional increase in direct costs and general expenses.

The EBITDA Margin for the core business amounted to 71.9%, up by 2.2 percentage points with respect to the same period of previous year.

EBIT, equal to €81,427 thousand, shows a decrease of 34.0% with respect to the same period of 2017. In addition to the above mentioned rise in EBITDA, the result reflects the negative balance of write-downs and fair value adjustments of €43,136 thousand partially offset by the impact of the 4 business units acquired which reached a positive €12,857 thousand.

The pre-tax income at 31 December 2018 amounted to €48.7 million, showing a decrease with respect to €88.7 million of 2017.

The overall effects of what described above have produced a Group net profit equal to €46,388 thousands, showing a decrease of 46.3%, compared to €86,454 thousands posted in 2017. Core business Funds from Operations (FFO) amounted to €65,633 thousands, with an increase of 21.4% compared to previous year.

Financial expense fell from the €34,393 thousand recorded at 31 December 2017 to €32,498 thousand at 31 December 2018. The decrease, of around €1,845 thousand, is attributable mainly to lower interest expense on IRS due to the expiration of one IRS in April 2017 and the subsequent stipulation of a new IRS agreement at more favorable conditions, and a drop in financial liabilities relating to the amortized cost of bonds following application of the new IFRS 9 which resulted in an increase in liabilities for bond loans and a decrease in the relative financial expense.

IGD Group's net financial debt at 31 December 2018 amounted to €1,107.9 million, an increase compared to 31 December 2017 when it was equal to €1,059.6 million, due to investments made during the year. Gearing ratio (0.88x) and Loan to Value (45.8%) decreased compared with the prior year and are in line with Business Plan forecast.

The Real Estate Portfolio at 31 December 2018

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 2018 of IGD Group's real estate portfolio reached €2,412.15 million, increasing compared to €2,228.2 million recorded at 31 December 2017.

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 2018;*
- *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 2018 with a Net Profit of €41,242,164 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 €41,242,164 at 31 December 2018, a decrease of 51.69% with respect to the €85,368,139 recorded in 2017. The Board of Directors, subject to the approval of the financial statements for the year ended on 31 December 2018, proposes:

- to allocate €3,381,636 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 €307,735,923 to €311,117,559;
- to allocate €1,778,459 of the profit to legal reserve, as retained earnings from exempt operations;
- to allocate €114,567 of the profit to legal reserve, as retained earnings from taxable operations;
- to allocate €33,790,720 of the profit to dividend, as retained earnings from exempt operations
- to allocate €2,176,782 of the profit to dividend, as retained earnings from taxable operations.

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.

The total dividend payout, calculated based on the number of shares outstanding at the date of this report, equal to 110,276,800 ordinary shares net of treasury shares held by the Company at that date, amounts to €55,138,400 to be taken from:

- for €33,790,720.29, distributable income generated by exempt operations;
- for €15,304,621.34, utilization of the reserve for retained earnings from exempt operations. The earnings distributed from exempt operations totals €49,095,341.63 or €0.445201 per share;
- for €2,176,781.55, distributable statutory profit derived entirely from taxable operations;
- for €2,434,994.22, utilization of the reserve for retained earnings from both taxable operations and income generated prior to becoming a SIIQ. The earnings distributed subject to ordinary income tax amount to €4,611,775.77 or €0.041820 per share;
- for €1,431,282.60, or €0.012979 per share, partial utilization of the share premium reserve.

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 2018 of €41,242,164 as follows:*

   - *€3,381,636 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 €307,735,923 to 311,117,559;*
   - *€1,778,459 to legal reserve, as retained earnings from exempt operations;*
   - *€114,567 to legal reserve, as retained earnings from taxable operations;*
   - *€33,790,720 as dividends, as retained earnings from exempt operations;*
   - *€2,176,782 as dividends, as retained earnings from taxable operations;*

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 26 Febraury 2019 (110,276,800 IGD shares), amounts to €55,138,400 to be taken from:

- *for €33,790,720.29, distributable income generated by exempt operations;*
- *for €15,304,621.34, utilization of the reserve for retained earnings from exempt operations.*

The earnings distributed from exempt operations total €49,095,341.63 or €0.445201 per share;

- *for €2,176,781.55, distributable statutory profit derived entirely from taxable operations;*
- *for €2,434,994.22, utilization of the reserve for retained earnings from both taxable operations and income generated prior to becoming a SIIQ.*
  The earnings distributed subject to ordinary income tax amount to €4,611,775.77 or €0.041820 per share;
- *for €1,431,282.60, or €0.012979 per share, partial utilization of the share premium reserve.*

The dividend will be payable as from 15 May 2019 with shares going ex-dividend on 13 May 2019 (detachment of coupon n. 3) In accordance with Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, the shareholders of IGD at the record date (14 May 2019) 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, the exact amount of the dividend to be distributed, noting that any change in the number of treasury shares held by the Company at the time of distribution will not impact the amount of the dividend per share as determined above, but will result in an increase or decrease to the share premium reserve."*

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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 26 February 2019, 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* 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 26 February 2019 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 1 June 2018 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 1 December 2019.

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 1 June 2018.

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 European and national regulations and market practices recognized by Consob, which include:

i) trading and hedging transactions, including those aimed to support the stock liquidity;

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 the Company holds n. 65,103 treasury shares while its subsidiaries do not 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.

<u>Ways in which the purchases and the disposals will be made.</u>

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 Finanz*a" 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.

<u>Information regarding the purchases and the reduction of share capital</u>

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 1 June 2018 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.*"

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Bologna, 26 Febraury 2019

On behalf of the Board of Directors

The Chairman

Elio Gasperoni