



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 650,000,000.00

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 SIQ S.P.A.

9 - 10 APRIL 2020

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 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; 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 and the compensation paid in accordance with Art. 123-*ter*, paragraphs 3-*ter* and 6, of Legislative Decree n. 58/98:
 - 3.1 First section: report on the compensation policy. Binding resolution
 - 3.2 Second section: report on the compensation paid. Non-binding resolution
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 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions.

Dear Shareholders,

The separate financial statements for the year ended on 31 December 2019 which are being submitted to you for your approval show a net profit of € 9,470,568. Total revenues amounted to €128.5 million, recording an increase with respect to the prior year of €3.6 million, equal to 2.9%. Operating costs, including G&A expenses, are lower with respect to the previous year and their impact on revenues has improved going from 21.9% to 20.8%. Please note that these changes are attributable primarily to the full year contribution of the rents and lease payments stemming from the acquisition of 4 shopping malls and a retail park completed in April 2018 and the application from January 1, 2019 of the new accounting standard IFRS16.

EBIT, which amounted to €44 million, was €29.2 million lower due to the decrease in the real estate portfolio's fair value.

Financial management showed a balance of €34.6 million at 31 December 2019, an increase of €3.1 million with respect to 2018 due mainly to (i) the decrease in IRS differentials, (ii) decrease in the financial expense of the bond loans, (iii) an increase in amortized costs, (iv) an increase in the financial expense recognized in the period as a result of IFRS 16 application, (v) higher interest linked to the loan commitments assumed as a result of the purchase of the 4 businesses finalized in April 2018, and (vi) higher financial charges on committed lines.

The IGD Group's total operating revenue at 31 December 2019 amounted to €162 million, a decrease of 0.3% compared to 2018 (the Group's total operating revenue at 31 December 2018 amounted to €162.5 million). The decrease is attributable primarily to the drop in revenue from property sales only partially offset by the full-year contribution to revenue made by the 4 shopping malls and retail park purchased in April 2018.

Rental income reached €155,259 thousand, showing an increase of 2.3% compared to the same period of the prior year. Direct costs from rental activities amounted to €18,683 thousand, a decrease of 32.6% with respect to the prior year (or an increase of 4.5% without considering the impacts of IFRS16). The increase in costs is attributable mainly to the condominium fees, property tax - *IMU, una-tantum*

marketing costs, and insurance also due to the portfolio extension.

General expenses for the core business, including payroll costs at headquarters, amounted to €12,273 thousand, showing an increase of 7.1% compared to €11,456 thousand posted at 31 December 2018. The increase is attributable primarily to an increase in payroll costs at headquarters explained mainly by higher payroll costs at headquarters linked to CCNL adjustments, as well as other one-offs recorded in the period (consultancies, corporate projects and operations)

The core business EBITDA in 2019 amounted to €125,195 thousand, an increase of 10.1% compared to the prior year. IGD Group's EBITDA at 31 December 2019 amounted to €124,557 thousand, with an increase of 10.6%. The changes in the components of total EBITDA during the year are shown below.

The EBITDA Margin for the core business amounted to 77.5%, up by 560 basis points with respect to the same period of previous year, or down by 88 basis points without considering the impacts of IFRS16.

EBIT, equal to €50,343 thousand, shows a decrease of 38.0% with respect to the same period of 2018.

The pre-tax income at 31 December 2019 amounted to €13.6 million, showing a decrease with respect to €48.7 million of 2017.

As a result of the above the Group posted a net profit of €12,591 thousand, showing a decrease of 72.9%, compared to €46,388 thousand posted in 2018. Core business Funds from Operations (FFO) amounted to €83,284 thousand, with an increase of €3,589 thousand or 4.5% compared to previous year.

Financial expense increase from the €32,498 thousand recorded at 31 December 2018 to €36,752 thousand at 31 December 2019.

IGD Group's net financial debt at 31 December 2019 shows an increase compared to 31 December 2018 of €54.8 million. Gearing ratio (0.95x) and Loan to Value (47.6%) show a slight increase compared with the prior year.

The Real Estate Portfolio at 31 December 2019

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 2019 of IGD Group's real estate portfolio reached €2,381.40 million, decreasing compared to €2,412.15 million recorded at 31 December 2018.

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 2019;*
- *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 2019 with a Net Profit of €9,470,586.34 and the Board of Directors' report;*

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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 €9,470,568.34 at 31 December 2019, a decrease with respect to the €41,242,164 recorded in 2018. The Board of Directors, subject to the approval of the financial statements for the year ended on 31 December 2019, proposes:

- to allocate €7,969,393.52 of the profit to dividend, as retained earnings from exempt operations
- to allocate €97.87 of the profit from exempt operations to distributable profits reserve
- to allocate €1,501,045.11 of the profit to dividend, as retained earnings from taxable operations.
- to allocate €31.84 of the profit from taxable operations to distributable profits reserve;
- to reclassify the fair value reserve by €27,958,708.62, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 to €283,158,850.19.

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 110,306,078 ordinary shares net of treasury shares held by the Company at that date, amounts to €55,153,039 to be taken from:

- for €7,969,393.52, distributable income generated by exempt operations;
- for €27,958,619.76, utilization of the reserve for retained earnings from exempt operations.

The earnings distributed from exempt operations totals €35,928,013.28 or €0.325712 per share;

- for €1,501,045.11, or €0.013608 per share, distributable statutory profit derived entirely from taxable operations;
- for €17,723,980.61, or €0.160680 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 €9,407,568.34 as follows:

- *€97.87 to distributable profits reserve, as retained earnings from exempt operations;*
- *€31.84 to distributable profits reserve, as retained earnings from taxable operations;*
- *€7,696,393.52 as dividends, as retained earnings from exempt operations;*
- *€1,501,045.11 as dividends, as retained earnings from taxable operations;*

and to reclassify the fair value reserve by €27,958,708.62, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 to €283,158,850.19.

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 27 February 2020 (110,306,078 IGD shares), amounts to €55,153,039 to be taken from:

- for €7,969,393.52, distributable income generated by exempt operations;
- for €27.958,619.76, utilization of the reserve for retained earnings from exempt operations.

The earnings distributed from exempt operations total 35,928,013.28 or €0.325712 per share;

- for €1,501,045.11, or €0.013608 per share, distributable statutory profit derived entirely from taxable operations;
- for €17,723,980.61, or €0.160608 per share, partial utilization of the share premium reserve.

The dividend will be payable as from 6 May 2020 with shares going ex-dividend on 5 May 2020 (detachment of coupon n. 4) 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 – Report on compensation and the compensation paid salaries in accordance with Art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree n. 58/98:

3.1 First section: report on the compensation policy. Binding resolution

3.2 Second section: report on the compensation paid. Non-binding resolution

Dear Shareholders,

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

This report was approved by the Board of Directors on 27 February 2020, 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 of TUF – as recently amended by Legislative Decree n. 49 of 10 June 2019, in implementation of EU Directive 2017/828 of the European Parliament and the Council of 17 May 2017, which amended the EU Directive 2007/36 relating to long-term shareholder engagement – this Report is divided into two sections.

The first section describes the Company's policy with respect to the compensation of the members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities for 2020, as well as the procedures used in the adoption and implementation of this policy. This section, pursuant to Art. 123-ter, paragraphs 3-bis and 3-ter, of TUF, as introduced in Legislative Decree n. 49/2019, is subject to the binding resolution of the ordinary Shareholders' Meeting.

The second section contains information about the compensation paid to the members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities (shown as an aggregate) in 2019. This section, pursuant to the new paragraph 6 of Art. 123-ter TUF, introduced in Legislative Decree n. 49/2019, is subject to the non-binding resolution of the ordinary Shareholders' Meeting.

In light of the above, this item on the Agenda will be voted on during the Shareholders' Meeting as two separate items, as proposed below.

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3.1 First section: report on compensation. Binding resolution

In light of the above, the Board of Directors submits the following proposal concerning the first section of this report, 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 first section of the Report on Compensation and Paid Salaries 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, the Board of Statutory Auditors, 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 Report on Compensation and Paid Salaries adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 3-bis) and 3-ter) of Legislative Decree n. 58 dated 24 February 1998.”

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3.2 Second section: report on paid salaries. Non-binding resolution

With regard to the second section of this Report, the Board of Directors will submit the following proposal to you for your approval:

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

- *having examined and discussed the second section of the Report on Compensation and Paid Salaries called for under art. 123-ter, paragraph 4, 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 paid salaries to the members of the Board of Directors, the Board of Statutory Auditors, general managers and executives with strategic responsibilities in 2019 or related to 2019;*

resolves

in favor to the second section of the Report on Compensation and Paid Salaries adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 6 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 10 April 2019 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 10 October 2020.

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) to support the stock liquidity;
- ii) to make short or long-term investments of liquidity, including in order to take advantage of any opportunities to maximize value that might materialize on the market;
- iii) to allow for the use of treasury shares in transactions related to current operations and business or financial projects in accordance with the strategic guidelines pursued by, or other extraordinary transactions in the interest of 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 €650,000,000.00 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. 35,825 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.

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 10 April 2019 to buy and sell treasury shares;*
2. *to authorize the purchase, including through the trading of options and IGD SIHQ 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, 27 February 2020

On behalf of the Board of Directors

The Chairman

Elio Gasperoni