



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 SIIQ S.P.A.
15-16 APRIL 2021**

EXPLANATORY NOTES ON THE ITEMS 1 AND 2 OF THE AGENDA OF IGD SIIQ S.P.A ANNUAL GENERAL MEETING PREPARED BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 125-TER AND 154-TER OF LEGISLATIVE DECREE N. 58/1998

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1. Separate financial statements at 31.12.2020; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2020; related and consequent resolutions.
2. Allocation of the net income; 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

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Item 1 of the Agenda of the Ordinary General Meeting - Separate financial statements at 31.12.2020; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2020; related and consequent resolutions.

Dear Shareholders,

The separate financial statements at 31 December 2020 which are being submitted to you for your approval show a net loss of approx. €66,437 thousands. Total revenues amounted to €121.651 million, recording a decrease with respect to the prior year of €6.9 million, equal to 5.3%, mainly due to discounts granted to tenants for the lockdown period, to lower variable revenues and fewer temporary rents in addition to higher vacancy due to delayed or missed openings. Operating costs, including G&A expenses, are higher with respect to the previous year and their impact on revenues has worsened, going from 20.8% to 26.8%. This increase is due mainly to the drop in revenues described above and the credit notes issued for the discounts on rents that had already been invoiced as part of the actions to support retailers post-lockdown.

Negative EBIT, which amounted to €32 million, was €76 million lower due to the depreciation of the real estate portfolio's equal to €111.5 million (depreciation was €56.3 million at 31 December 2019).

Financial management showed a balance of €34.5 million at 31 December 2020, a decrease of €247 thousands with respect to the prior year.

Net debt improved for approx. €2.6 million with respect to 2019.

The IGD Group's total operating revenue at 31 December 2020 amounted to €152.7 million, a decrease of 5.8% compared to 2019 (the Group's total operating revenue at 31 December 2019 amounted to €162 million).

Rental income reached €145.6 million, showing a decrease of 6.2% compared to the same period of the prior year. Direct costs from rental activities amounted to €36.1 million, an increase of 93.3% with respect to the prior year.

General expenses for the core business, including payroll costs at headquarters, amounted to €11.2 million, showing a decrease of 8.8% compared to €12.3 million posted at 31 December 2019.

The core business EBITDA in 2020 amounted to €99.4 million, a decrease of 20.6% compared to the prior year. IGD Group's EBITDA at 31 December 2020 amounted to €98.7 million, with a decrease of 28.8%.

The EBITDA Margin for the core business amounted to 65.5%, showing a decrease with respect to the same period of previous year.

EBIT is negative, equal to €52.3 million; it shows a decrease of €102.6 million with respect to the same period of 2019.

Financial management result at 31 December 2020 amounted to €36.2 million compared to €36.8 million as at 31 December 2019

The pre-tax loss at 31 December 2020 amounted to €88.6 million, compared to a profit of €13.6 million in 2019.

As a result of the above the Group posted a net loss of €74.3 million, compared to a profit of €12.6 million posted in 2019. Core business Funds from Operations (FFO) amounted to €55.4 million, with a decrease of €27.5 million or 33.2% compared to previous year.

IGD Group's net financial debt at 31 December 2020 shows an improvement compared to 31 December 2019 of €7.2 million. Gearing ratio (1.03x) and Loan to Value (49.9%) show a slight worsening compared with the prior year.

The Real Estate Portfolio at 31 December 2020

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 2020 of IGD Group's real estate portfolio reached €265.69 million, decreasing compared to €2,381.40 million recorded at 31 December 2019.

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 2020;*
 - *having acknowledged the report prepared by the external auditors PricewaterhouseCooper S.p.A.;*
- resolve*
- *to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2020 with a Net Loss of €66,437,039.64 and the Board of Directors' report;*

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

Dear Shareholders,

The Board of Directors proposes to cover the net loss of €66,437,039.64 recorded at 31 December 2020 using the share premium reserve, for €30,031,594.47 and distributable reserves, for €36,405,445.17 and to reclassify the Fair Value reserve by €31,737,981.96, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable profits by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €283,158,850.19 to €251,420,868.23.

Moreover, the Board of Directors proposes:

- to cover the capital increase reserve, negative for €10,304,558.06, with the bond issue reserve;
- to cover the treasury share reserve, negative for €233,087.16, with the bond issue reserve;
- to cover the IFRS 9 FTA reserve, negative for €4,353,719.51, with the bond issue reserve, for €4,327,109.19 and the share premium reserve, for €26,610.32".

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

resolve

- to cover the net loss of €66,437,039.64 recorded at 31 December 2020 using the share premium reserve , for €30,031,594.47 and distributable reserves, for €36,405,445.17;
- to reclassify the Fair Value reserve by €31,737,981.96, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable profits by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €283,158,850.19 to €251,420,868.23.
- to cover the capital increase reserve, negative for €10,304,558.06, with the bond issue reserve;
- to cover the treasury share reserve, negative for €233,087.16, with the bond issue reserve;
- to cover the IFRS 9 FTA reserve, negative for €4,353,719.51, with the bond issue reserve, for €4,327,109.19 and the share premium reserve, for €26,610.32”.

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 25 February 2021, 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 and art. 84-quarter of Consob Regulation adopted with Resolution no. 11971 of 14 May 1999, 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 2021, 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 2020. 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 for 2021, 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 25 February 2021 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 the Report, the Board of Directors will submit the following proposal regarding the second section of this Report, 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 2020 or related to 2020;*

resolves

in favor to the second section of the Report on Compensation and Paid Salaries adopted by the Board of Directors on 25 February 2021 pursuant to art. 123-ter, paragraphs 6 of Legislative Decree n. 58 dated 24 February 1998."

Bologna, 25 February 2021

On behalf of the Board of Directors
The Chairman
Elio Gasperoni