



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.

**ANNUAL GENERAL MEETING OF IGD SIIQ S.P.A.
IN ORDINARY AND EXTRAORDINARY SESSION**

13 APRIL– 14 APRIL 2023

**EXPLANATORY NOTES ON THE ITEMS OF THE AGENDA OF IGD SIIQ S.P.A. ORDINARY
ANNUAL GENERAL MEETING 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 31.12.2022; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2022; related and consequent resolutions.**
- 2. Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions.**
- 3. Report on the remuneration policy and compensations paid pursuant to art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree 58/98: First section: report on the remuneration policy. Binding resolution.**
- 4. Report on the remuneration policy and compensations paid pursuant to art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree 58/98: Second section: report on compensation paid. Non-binding resolution.**

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Item 1 - Separate financial statements at 31.12.2022; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2022; related and consequent resolutions.

Dear Shareholders,

The separate financial statements as at 31 December 2022 which are being submitted to you for your approval show a net loss of €5,028 thousand. Total revenues amounted to €114,007 thousands, recording a decrease with respect to the prior year of €6.5 million or 5.4%, explained primarily by the transfer, finalized on 25 November 2021, of 5 hypermarkets and 1 supermarket to Fondo Juice. Operating costs, including G&A expenses, are lower with respect to the previous year and their impact on revenues improved slightly, going from 26.4% to 25.9%.

EBIT, which amounted to €23.5 million, was €61.5 million lower due to the higher impairment in the real estate portfolio's fair value, equal to €59.3 million (impairment was equal to €0.3 million at 31 December 2021).

Financial management showed a balance of €28.3 million at 31 December 2022, with a decrease of €4 million with respect to prior year.

The Net Financial Position improved compared to 2021 of approximately €3.6 million.

The IGD Group's total operating revenue at 31 December 2022 amounted to €152 million substantially in line with the figure for the previous year (the Group's total operating revenue at 31 December 2021 amounted to €152 million).

Rental income reached €137.3 million, showing a decrease of 5.4% compared to the same period of the prior year. Direct costs from rental activities amounted to €23.2 million, a decrease of 12.7% with respect to the prior year.

General expenses for the core business, including payroll costs at headquarters, amounted to €12.3 million, showing an increase of 1.4% compared to €12.1 million posted at 31 December 2021.

The core business EBITDA in 2022 amounted to €103.4 million, a decrease of 3.6% compared to the prior year, whereas IGD Group's EBITDA amounted to €103.2 million, with a decrease of 3.4%.

The EBITDA Margin for the core business amounted to 67.9%, down by 24 basis points with respect to the previous year.

EBIT, positive for €7.7 million, shows a decrease of €82.1 million with respect to the same period of 2021.

Financial expense decreased from €33.3 million recorded at 31 December 2021 to €30.5 million at 31 December 2022.

The pre-tax income at 31 December 2022 was negative and amounted to €22.3 million, compared to a profit equal to €55.8 million recorded in 2021.

As a result of the above, the Group posted a net loss of €22.3 million, compared to a profit equal to €52.8 million posted in 2021. Core business Funds from Operations (FFO) amounted to €67.2 million, with an increase of €2.5 million compared to previous year.

IGD Group's net financial debt at 31 December 2022 shows an improvement compared to 31 December 2021 of approx €10 million. Gearing ratio (0.87) and Loan to Value (45.5%) show a slight decrease compared with the prior year.

Real Estate Portfolio at 31 December 2022

Based on CBRE Valuation S.p.A., KROLL S.p.A., Cushman & Wakefield and Jones Lang Lasalle's independent appraisals, the market value at 31 December 2022 of IGD Group's real estate portfolio reached €2,080.89 million, decreasing in comparison with €2,140.47 million recorded at 31 December 2021.

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

"The 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 2022;*
- *having acknowledged the report prepared by the external auditors Deloitte & Touche;*

resolves

1. *to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2022 with a Net Loss of €5,027,925.94 and the Board of Directors' report".*

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

Dear Shareholders,

consistently with what was announced at the Board of Directors' meeting held on 26 January 2023, the Board of Directors proposes a dividend of 30 euro cents per share (for a total distributed of €33,102,570.90 or 49.3% of the FFO).

The dividend yield on the stock price recorded at 22 February 2023 is equal to approx 10.9%.

The dividend comprises for 0.093021 euro the fair value reserves released in 2021 as a result of the sale of 5 hypermarkets and 1 supermarket to Fondo Juice, for 0.147359 euro the retained earnings from exempt operations related to 2019 and 2021 and for 0.059620 euro other distributable reserves from exempt operations.

The Board of Directors, subject to the approval of the financial statements for the year ended on 31 December 2022 and the Board of Directors Report, proposes:

- to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2022 which show a net loss of €5,027,925.94 and the Board of Directors' report;
- to cover the net loss of €5,027,925.94 recorded at 31 December 2022 using the retained earnings from taxable operations for €3,434,503,96 and distributable capital reserves, for €1,593,421.98;
- to reclassify the Fair Value reserve by €4,022,100.74, following partial elimination of the regime relative to non-distributable reserves pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable income generated by exempt operations by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €216,607,954.49 to €212,585,853.75;
- to allocate a portion of other distributable reserves, stemming from exempt operations, released in 2021 as a result of the sale of 5 hypermarkets and 1 supermarket for 10,264,114.16 euro as a dividend;
- to allocate a portion of the retained earnings from exempt operations, for 16,259,872.48 euro as dividend;
- to allocate a portion of other reserves distributable from exempt operations for 6,578,584.26 as dividend.

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 110,341,903 ordinary shares net of treasury shares held by the Company at that date, amounts to €33,102,570.90 to be taken from:

- for €16,259,872.48 utilization of the retained earnings from exempt operations;
- for €6,578,584.26 utilization of other distributable reserves from exempt operations;
- for €10,264,114.16 utilization of other distributable reserves from exempt operations released in 2021 as a result of the sale of 5 hypermarkets and 1 supermarket.

The earnings distributed from exempt operations total €33,102,570.90, i.e. €0.30 per share.

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

“The Shareholders’ Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., having examined the Board of Directors report,

resolves

- 1. to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2022 which closed with a Net Loss of €5,027,925.94 and the Board of Directors’ report;*
- 2. to entirely cover the Net Loss of €5,027,925.94 recorded at 31 December 2022 using the retained earnings from taxable operations for €3,434,503,96 and distributable capital reserves, for €1,593,421.98 ;*
- 3. to reclassify the Fair Value reserve by €4,022,100.74, following partial elimination of the regime relative to non-distributable reserves pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable income generated by exempt operations by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €216,607,954.49 to €212,585,853.75;*
- 4. to pay a dividend of €0.30 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 23 February 2023 (110,341,903 IGD shares), amounts to €33,102,570.90 to be taken from:

- for €16,259,872.48 utilization of the retained earnings from exempt operations;*
- for €6,578,584.26 utilization of other distributable reserves from exempt operations;*
- for € 10,264,114.16 utilization of other distributable reserves from exempt operations released in 2021 as a result of the sale of 5 hypermarkets and 1 supermarket.*

The earnings distributed from exempt operations total 33,102,570.90, i.e. €0.30 per share.

*The dividend will be payable as from 10 May 2023 with detachment of coupon n. 6. Pursuant to Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, dividend entitlement will be determined in accordance with the records of the intermediary under Art. 83-quater, par. 3 of Legislative Decree n.58 of 24 February 1998, at the end of the accounting day of **9 May 2023 (record date)**;*

- 5. to grant the Chair and the Chief Executive Officer, jointly or severally, the power to determine in due time, with reference to the exact number of shares entitled to receive dividends, the exact amount of the dividend to be distributed.”*

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Item 3 – Report on the remuneration policy and the compensation paid in accordance with Art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree n. 58/98: First section: report on the compensation policy. Binding resolution

Dear Shareholders,

as you are well aware, pursuant to Art. 123-ter of TUF, listed companies are required to make available to the general public a Report on the remuneration policy and compensation paid, drawn up by the said companies.

This report, approved by the Board of Directors on 23 February 2023 after approval by the Nominations and Compensation Committee, is 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 terms and conditions set forth by the applicable regulations.

Pursuant to Art. 123-ter of TUF And art. 84-quarter of Regulation adopted by Consob with resolution n. 11971 of 14 May 1999, this Report is divided into two sections.

The first section describes the Company's policy with respect to the remuneration of the members of the Board of Directors, of the Board of Statutory Auditors and of managers with strategic responsibilities for 2023, as well as the procedures used to adopt and implement 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 Shareholders' Meeting.

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 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 the remuneration policy and the compensation paid" envisaged 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, of the Board of Statutory Auditors, of managers with strategic responsibilities for the year 2023, as well as the procedures used to adopt and implement said policy,*

resolves

- *pursuant to art. 123-ter, paragraphs 3-bis) and 3-ter) of Legislative Decree n. 58 dated 24 February 1998, to approve the first section of the "Report on the remuneration policy and Compensation Paid" prepared by the Board of Directors on 23 February 2023".*

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Item 4 - Report on the remuneration policy and the compensation paid in accordance with Art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree n. 58/98: Second section: report on compensation paid. Non-binding resolution

The second section of the Report on the remuneration policy and Compensation Paid contains information about the compensation paid or accrued to the members of the Board of Directors, of the Board of Statutory Auditors and of managers with strategic responsibilities (shown as an aggregate) in 2022. 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 Shareholders' Meeting.

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

"The 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 the remuneration policy and Compensation Paid 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 compensation paid to the members of the Board of Directors, of the Board of Statutory Auditors and of managers with strategic responsibilities in 2022 or related to 2022;*

resolves

- *pursuant to art. 123-ter, paragraphs 6 of Legislative Decree n. 58 dated 24 February 1998, in favor to the second section of the Report on the remuneration policy and Compensation Paid prepared by the Board of Directors on 23 February 2023."*

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Bologna, 23 February 2023

On behalf of the Board of Directors

The Chair

Rossella Saoncella