



**BOARD OF DIRECTORS' REPORT ON THE PROPOSAL ON THE AGENDA THE
EXTRAORDINARY SHAREHOLDERS' MEETING TO BE HELD IN CONNECTION WITH THE
MERGER BY INCORPORATION OF
BENI STABILI S.P.A. SIIQ
INTO
FONCIERE DES REGIONS S.A.
(WHICH IS EXPECTED TO CHANGE ITS LEGAL NAME INTO «COVIVIO S.A.»)**

*(drawn up pursuant to Article 2501-quinquies of the Italian Civil Code, Article 8 of Legislative Decree
No. 108 of 20 May 2008 and Article 70, paragraph 2 of the Regulation adopted by CONSOB with
Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented)*

Report made available on 3 August 2018

*Beni Stabili S.p.A. SIIQ – Registered Office located at Via Piemonte No. 38 Rome
Share Capital EUR 226,959,280.30 - Rome Companies Register and Tax Code 00380210302*

BOARD OF DIRECTORS' REPORT ON THE PROPOSAL ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING TO BE HELD IN CONNECTION WITH THE MERGER BY INCORPORATION OF BENI STABILI S.P.A. SIIQ INTO FONCIÈRE DES RÉGIONS S.A. (WHICH IS EXPECTED TO CHANGE ITS LEGAL NAME INTO «COVIVIO S.A.»)

Dear Shareholders,

We submit for your approval the joint draft cross-border merger terms and conditions (the “**Merger Plan Plan**”) by incorporation of Beni Stabili S.p.A. SIIQ (“**Beni Stabili**” or the “**Transferor Company**” or the “**Issuer**”) in Foncière des Régions S.A., which is expected to change its legal name into “Covivio S.A.” (“**FdR**” or the “**Transferee Company**” and, jointly with Beni Stabili, the “**Companies Participating in the Merger**”).

This report (the “**Report**”) has been drafted pursuant to Article 2501-*quinquies* of the Italian Civil Code and Article 8 of Legislative Decree No. 108 of May 30, 2008, as amended (the “**Decree 108/2008**”), and considering that the Beni Stabili shares are listed, among other things, on the *Mercato Telematico Azionario* (the Italian screen-based stock exchange or “**MTA**”) organised and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.), also pursuant to Article 70, paragraph 2 of the Regulation adopted by CONSOB with Resolution No. 11971 on 14 May 1999, as subsequently amended (the “**Issuers Regulation**”) as well as pursuant to Scheme 1, Annex 3A at the Issuers Regulations.

1 DESCRIPTION OF THE TRANSACTION AND ITS GROUNDS

1.1 Description of the transaction

1.1.1 *Introduction - Events prior to the publication of this Report*

On 19 April 2018, the FdR Board of Directors submitted to the Beni Stabili Board of Directors a proposal concerning a possible merger of the Issuer into FdR (the “**Merger**” or the “**Transaction**”). The following day (*i.e.*, 20 April 2018), the Beni Stabili Board of Directors took note of the proposal and resolved to authorise the commencement of discussions with FdR (see the press release published by Beni Stabili on 20 April 2018, to which is attached the press release issued on the same date by FdR, which can be consulted in the “*Media – Press Releases*” section of the www.benistabili.it website).

On 25 May 2018, the Companies Participating in the Merger signed an agreement governing and regulating, among other things, the activities which are preparatory and/or necessary to the completion of the Transaction, the mutual undertakings of the Companies Participating in the Merger and the conditions to which the Transaction is subject (the “**Merger Agreement**”) (see the press release issued by Beni Stabili on 24 May 2018, which can be consulted in the “*Media – Press Releases*” section of the www.benistabili.it website; see also the press release published by FdR on 25 May 2018, which can be consulted in English in the “*Pres*” section of the www.covivio.eu website).

As a result of the fact FdR legally controls Beni Stabili (and the fact that the latter’s activities are managed and coordinated by the Transferee Company) and of the Merger’s significance, the Merger qualifies as a transaction between related parties of “*greater importance*”, as provided for under the Regulation adopted by CONSOB with Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented, and under the “*Procedure for the regulation of transactions with related parties*” adopted by Beni Stabili (the “**Related Parties Procedure**”). Therefore, the Beni Stabili Nominations and Remuneration Committee, which is composed solely of independent Directors and which has acted as the “*Material Transactions Committee*” (the “**Related Parties Committee**”), was involved both in the preliminary phase and in the process of negotiating and defining the contents of the Merger Agreement – at the end of which its members unanimously issued a favourable opinion on the Issuer’s interest in completing the Transaction and the convenience and substantial correctness of the Merger’s terms and conditions – as well as in the subsequent Merger Plan approval process - at the end of which its members confirmed their evaluations and conclusions.

On 18 July and 19 July 2018, the Beni Stabili and FdR Boards of Directors respectively approved the Merger Plan, which was registered in the Rome Companies Register on 26 July 2018. A copy of the said Merger Plan can be consulted in the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and the “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

The Merger Plan will be submitted to an extraordinary session of the Beni Stabili Shareholders’ meeting, which has been convened, in a single call, on 5 September 2018, at 11:00 a.m. (see the notice of call, which can be consulted in the “*Governance – Shareholders’ Meeting – Extraordinary Shareholders’ Meeting 5 September 2018*” section of the www.benistabili.it website). The Shareholders’ meeting of FdR has also been convened, in extraordinary

session, on 6 September 2018. The said FdR Shareholders' meeting will also resolve upon FdR's change of its legal name into "Covivio S.A."

1.1.2 The Merger

The Transaction consists in a cross-border merger between two companies, Beni Stabili and FdR, belonging to two different Member States of the European Union, namely Italy and France. It is, therefore, regulated, at European level, by Directive (EU) 2017/1132 of the European Parliament and of the Council, dated June 14, 2017, concerning some aspects of company law, and, as far as Italian law is concerned, by the provisions of Decree No. 108/2008, as well as by Articles 2501 *et seq.* of the Italian Civil Code.

The Merger will entail FdR taking over Beni Stabili and it will be conducted on the basis of the balance sheets as of 30 June 2018 of the Companies Participating in the Merger, which have been respectively approved by their boards of directors on 18 July and 19 July 2018, and which are to be construed as balance sheets provided for under Article 2501-*quater* of the Italian Civil Code and the corresponding provisions of French law.

The Merger is foreseen to take effect for statutory, accounting and tax purposes in furtherance of the Merger Plan on 31 December 2018 at 11:59 pm (the "**Effective Date**") (*see* Section 5 below). The Merger will lead to Beni Stabili ceasing to exist. As a result, the Transferee Company will succeed universally in the Transferor Company's rights and obligations.

The Merger Plan provides that, starting from the said Effective Date, FdR will hold a permanent establishment in Italy (the "**Permanent Establishment**"), to which Beni Stabili's existing assets and liabilities will be attributed, including its shareholdings in controlled companies, such as Central SICAF S.p.A. The Permanent Establishment, which will benefit from the Italian special regime provided under the SIIQ (*Società di Investimento Immobiliare Quotate - i.e. Listed Real Estate Investment Companies*) regulations, will continue without interruption to carry out the same activities carried out by Beni Stabili until the Effective Date, using the employees currently employed by the Transferor Company.

1.1.3 Brief description of the Transferee Company

(A) Principal corporate information

The Transferee Company is a *société anonyme* incorporated under French law, with registered office at 18, avenue François Mitterrand, 57000 Metz, France, registered in the French Commercial and Business Register (*Registre du commerce et des sociétés*) with number 364 800 060.

The Transferee Company is a listed real estate investment company (*Société d'investissements immobiliers cotée - SIIC*) under French law pursuant to Article 208C of the French Tax Code. The Transferee Company's shares are listed in compartment "A" of the Euronext Paris regulated market, with a market capitalisation of approximately EUR 6.7 billion.

The Transferee Company's subscribed and paid up share capital is EUR 225,835,737, divided into 75,278,579 ordinary shares with a par value of EUR 3.00 each. As of 30 June 2018, based on the Merger Plan, FdR held treasury shares representing approximately 0.07% of its share capital. FdR has also in place stock incentive plans based on "free shares" (*actions gratuites*). As of 30 June 2018, the number of free shares of the Transferee Company, which had been

granted but not yet vested, was 488,367 shares.

The duration of the Transferee Company is set until 1st December 2062, without prejudice to possible extension or early dissolution. The financial years' end of the Transferee Company is set on 31 December of each year.

(B) Other issued securities

In November 2013, FdR issued convertible bonds (*Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes* - ORNANES), for a nominal value of EUR 345,000,000, with an annual return of 0.875% and which shall become repayable on 1st April 2019. The Transferee Company also issued non-convertible bonds, the outstanding repayable amount of which as of 31 December 2017 was approximately EUR 1,673.3 million.

(C) Business description and corporate scope

The Transferee Company is a real estate integrated player, with expertise in developing, managing and operating real estate assets. Based on its portfolio data and comparing them with publicly available data of the main operators of the same sector, the Transferee Company emerges as the fourth real estate investment group (so-called REIT, acronym for *Real Estate Investment Trust*) at European level ⁽¹⁾.

Its approximately EUR 23 billion portfolio (including approximately EUR 14 billion on group share basis) ⁽²⁾ includes offices, hotels and residential and is located mainly in France (50%), Germany (30%) and Italy (16%) ⁽³⁾, as well as in new high-growth markets – Spain and UK - through the hotel sector.

With respect to such sectors:

- (a) Offices: the FdR Group portfolio amounts to approximately EUR 10.6 billion approximately (approximately EUR 7.5 billion on a group share basis) representing approximately 54% of the total portfolio, of which 73% located in France and 27% in Italy ⁽⁴⁾;
- (b) Hotels: the FdR Group portfolio amounts to approximately EUR 5.9 billion (approximately EUR 2.3 billion on a group share basis) representing approximately 16% of the total portfolio, of which 37% is located in France, 26% in Germany, 16% in the UK ⁽⁵⁾ and 11% in Spain ⁽⁶⁾;
- (c) Residential: the FdR Group portfolio amounts to approximately EUR 5.4 billion (approximately EUR 3.5 billion on a group share basis) representing approximately 27% of the total portfolio ⁽⁷⁾ and solely located in Germany, with a strong focus in Berlin (55%).

⁽¹⁾ Data as of 30 June 2018, on a 100% basis.

⁽²⁾ Data include the acquisition of a UK hotel portfolio whose signing is envisaged in July 2018.

⁽³⁾ Data as of 30 June 2018, on group share basis.

⁽⁴⁾ Data as of 30 June 2018, on a group share basis.

⁽⁵⁾ Data include the acquisition of a UK hotel portfolio whose signing is envisaged in July 2018.

⁽⁶⁾ Data as of 30 June 2018, on a group share basis.

⁽⁷⁾ Data as of 30 June 2018, on a group share basis.

In keeping with the rental market ever-changing environment and needs - which favor new and customized buildings - and sustained by its solid track record, the Transferee Company maintains a strong focus on development projects all over Europe, holding an approximately EUR 5.2 billion development pipeline (approximately EUR 3.7 billion on a group share basis), of which approximately EUR 1.2 billion are committed approximately EUR 0.7 billion on a group share basis).

By focusing on its three business pillars – focus on large European capital cities (Paris, Berlin, Milan), property developer and client centricity – the Transferee Company has been able to rapidly expand on European key cities while emphasizing on the value of partnership.

The corporate purpose of the Transferee Company, as described in Article 3 of its articles of association includes:

Mainly:

- the acquisition of all land, real estate rights or buildings, including by way of construction lease, long-term lease, authorization for temporary occupation of public property and leasing, as well as any property and rights which may constitute the accessory of or be attached to said real estate,
- the construction of buildings and all operations directly or indirectly related to the construction of these buildings,
- the operation and development of these real estate properties by way of lease (as landlord),
- directly or indirectly, the ownership of stakes in the persons referred to in article 8 and in paragraphs 1, 2 and 3 of Article 206 of the French Tax Code (*Code général des impôts français*), and more generally the acquisition of stakes in any company whose main purpose is the operation of rental property assets as well as the management and assistance of such persons and companies.

Incidentally, either directly or indirectly:

- the leasing of all real estate properties (as the tenant),
- the acquisition, including by way of concession, authorization for temporary occupation of public property, and operation of parking lots,
- the management and administration of all real estate assets and rights on behalf of third parties and direct and indirect subsidiaries,
- the animation, management and assistance of any direct and indirect subsidiaries.

Exceptionally, the disposal, in particular by way of sale, contribution, exchange or merger of the assets of the Transferee Company.

And more generally:

- the involvement as borrower and lender in any intra-group loan or cash transaction and the possibility of granting for this purpose any real or personal movable or real-estate security, or mortgage or other guarantees, and
- any civil, financial, commercial, industrial, movable and real estate transactions deemed

useful for the development of one of the Transferee Company's aforementioned purposes.

(D) Main amendments to the FdR's articles of association and capital increase of the Transferee Company

The FdR extraordinary Shareholders' meeting has been convened on 6 September 2018 to approve the Merger Plan. It will also resolve, among other things, upon the change of FdR's legal name to "*Covivio S.A.*". This change, if approved by the Shareholders' meeting, will be applied regardless of the Transaction's completion.

The FdR extraordinary Shareholders' meeting approving the Merger will also be called to approve an increase in the share capital up to a maximum of 9,478,728 shares, each with a par value of EUR 3.00, having the same characteristics of the outstanding ordinary shares, as consideration for the Merger. The maximum number of shares to be issued and allotted was calculated based on the Exchange Ratio (as defined in Paragraph 1.3 below, subject to a possible adjustment) and on a maximum number of 205,423,172 shares of Beni Stabili that may be issued before the Effective Date upon the conversion of the Convertible Bonds (as defined in Paragraph 1.1.5 below), based on the conversion price in effect as of the date of the Merger Plan (as may be adjusted in accordance with the terms and conditions of the Convertibles Bonds), without taking into account a possible capital increase of Beni Stabili before the Effective Date in accordance with the provisions set forth in the Merger Plan (see Paragraph 1.3 below).

Notwithstanding the foregoing, no further amendments to the Transferee Company's articles of association are envisaged.

For information on the changes to the FdR's articles of association that will be proposed for approval to the extraordinary Shareholders' meeting of 6 September 2018, see the Merger Plan. A copy of the FdR's articles of association that were in force as of the date of the Merger Plan is attached thereto ("*Schedule 2*"), together with a copy of the articles of association which will come into force on the Effective Date ("*Schedule 3*"), accompanied by the related courtesy translations into Italian and English.

1.1.4 Conditions precedent

Under the Merger Plan, the Merger's completion is subject to the following conditions precedent occurring or, to the extent permitted under applicable laws, to the Companies Participating in the Merger jointly waiving:

- (a) the approval of the Merger Plan by the Beni Stabili and FdR extraordinary Shareholders' meetings;
- (b) the delivery by the clerk of the District Court of Metz (*Tribunal d'instance de Metz*) and an Italian notary public of pre-Merger compliance certificates regarding pre-Merger acts and formalities ⁽⁶⁾;
- (c) the delivery by the clerk of the District Court of Metz (*Tribunal d'instance de Metz*) or by a French notary public of a legality certificate concerning completion of the

⁽⁶⁾ As far as Beni Stabili is concerned, see Article 11 of the Decree 108/2008.

Merger^(?);

- (d) the approval for listing on Euronext Paris regulated market of the shares of the Transferee Company issued and allotted to the holders of shares of Beni Stabili.

Pursuant to the Merger Plan and without prejudice to the obligations and formalities provided for under the applicable laws and regulations, the Merger's effectiveness is not subjected to other conditions precedent.

The Merger Plan also provides that the Transaction will not take place if one or more of the aforementioned conditions precedent has not occurred (or has not been waived within the limits permitted by the applicable provisions of the law) and, in any event, the Merger has not become effective by 31 December 2018, subject to the formalities to be completed in furtherance of the Merger Plan after the Effective Date.

1.1.5 *Convertible Bonds of Beni Stabili*

As a legal effect of the Merger and in accordance with, *inter alia*, the provisions applicable in France, the Transferee Company shall undertake all the obligations in respect of the Beni Stabili's "€200,000,000 0.875 per cent. Convertible Bonds due 2021" convertible bonds, issued in 2015 and listed on the ExtraMOT - Professional Market of Borsa Italiana S.p.A. (the "**Convertible Bonds**"), outstanding as of the Effective Date and, as from the Effective Date, the Convertible Bonds may be converted into shares of the Transferee Company.

The terms and conditions of the Convertible Bonds (the "**Conditions**") are available on the "Investor Relations - Documents – Information Memoranda – 2015" section of www.benistabili.it.

In this context, Beni Stabili has appointed an independent financial advisor (the "**Independent Financial Advisor**") to carry out certain activities which are necessary (but not in and of themselves sufficient) for the Merger to qualify as a "*Permitted Reorganisation*" under the Conditions. The Independent Financial Advisor shall be in charge, *inter alia*, to determine (i) if the conversion price which will be applicable to the conversion of the Convertible Bonds into ordinary shares of the Transferee Company following the consummation of the Merger (the "**Initial Transferee Company Conversion Price**") is appropriate, and (ii) if the other changes to be made to the Conditions in the context of the Merger are appropriate.

On the basis of the Exchange Ratio and subject to any possible adjustment thereof, the Independent Financial Advisor has determined that it would be appropriate to determine the Initial Transferee Company Conversion Price in the Conditions, as amended and restated upon the effectiveness of the Merger (the "**Restated Conditions**"), as follows:

$$\text{Initial Transferee Company Conversion Price} = \text{ACP} \times \text{XR}$$

Where:

"**ACP**" means the applicable conversion price immediately before consummation of the Merger (as may be adjusted prior to the Effective Date in accordance with the Conditions);

and

"**XR**" means 1000/8.5 (as such fraction may be adjusted in case of an adjustment of the

^(?) As far as Beni Stabili is concerned, see Article 13 of the Decree 108/2008.

Exchange Ratio in accordance with the Merger Plan).

Due to the manner in which the Restated Conditions may be drafted, it may be necessary to also determine a further conversion price (the “**Alternative Change of Control Price**”) which would apply during a period equal to the “*Change of Control Period*” (as defined in the Conditions), and which would need to be determined pursuant to the formula set out in Condition 6(b)(x) but assuming for this purpose that:

- COCCP means the Alternative Change of Control Price; and
- OCP means the Initial Transferee Company Conversion Price.

Whilst the Independent Financial Advisor has not seen a draft of the Restated Conditions, in principle it believes that in the event the Restated Conditions include the concept of an Alternative Change of Control Price which would apply during a period equivalent to the “*Change of Control Period*”, the approach set out in the preceding paragraph for the calculation of the Alternative Change of Control Price would be appropriate.

By way of illustration, and based on the current Exchange Ratio and on the conversion price in effect as of the date of the Merger Plan (EUR 0.9736):

- the Initial Transferee Company Conversion Price would be EUR 114.5411; and
- in the event an Alternative Change of Control Price is required to be determined as aforesaid and the date on which the Change of Control (as defined in the Conditions) occurs were to be the Effective Date, such Alternative Change of Control Price would be EUR 101.9655.

The Merger will trigger a “*Change of Control*” within the meaning of the Conditions and therefore, bondholders will be entitled to put one or more of their Convertible Bonds requiring the Transferee Company to redeem them on the 14th (*fourteenth*) calendar day after the expiry of the Change of Control Period, unless an Independent Financial Advisor issues and delivers a confirmation opinion stating that the Change of Control is not, in its opinion, materially prejudicial to the interest of the bondholders (provided that, for the avoidance of doubt, the Companies Participating in the Merger intend to appoint such Independent Financial Advisor in order to have delivered such confirmation opinion).

The current conversion price of the Convertible Bonds may be adjusted until the Effective Date in accordance with Condition 6(b). As from the Effective Date, the Initial Transferee Company Conversion Price will also be subject to possible adjustments in accordance with the terms and conditions which will be provided in the Restated Conditions.

Notwithstanding the foregoing, the Conditions provide that:

- Beni Stabili (and, after the Effective Date, the Transferee Company, subject to the terms and conditions of the Restated Conditions) may, upon the exercise of a conversion right, make an election to pay a “*Cash Alternative Amount*” (as defined in the Conditions) instead of delivering shares;
- the delivery date of shares shall be (i) the last dealing day of a month if the conversion notice is delivered on or before the 15th (*fifteenth*) calendar day of that month, or (ii) the 10th (*tenth*) dealing day of the calendar month immediately following the calendar

month in which the conversion notice is delivered, if the conversion notice is delivered from the 16th (*sixteenth*) calendar day up to and including the last calendar day of a month. As a result, any conversion notice delivered as from 16 December 2018 will give rise to the delivery of shares of the Transferee Company (subject to the other terms and conditions of the Conditions, including those relating to “*Cash Alternative Election*”, and the terms and conditions of the Restated Conditions).

1.1.6 Documents available to the public

Pursuant to Article 2501-*septies* of the Italian Civil Code and Article 70, paragraph 1 of the Issuers Regulation, in addition to this Report, the following documents have been or will be published with reference to the Transaction, in accordance with the applicable laws and regulations, on the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and the “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website, as well as filed and made available at Beni Stabili’s registered office located at Via Piemonte No. 38, Rome, in order to allow all those entitled to view them, and namely:

- (i) the Merger Plan;
- (ii) the report prepared in French by the FdR Board of Directors, together with an English courtesy translation thereof;
- (iii) the report drafted by EY S.p.A. in its capacity of independent Italian expert, as provided for under Article 2501-*sexies* of the Italian Civil Code and Article 9 of Decree 108/2008 ;
- (iv) the reports drafted in French by Michel Léger, in his capacity of independent French expert, as provided for under Articles L.236-25 and L. 236-10 of the *Code de commerce* (the “**French Commercial Code**”), together with an English courtesy translation thereof;
- (v) the Beni Stabili balance sheet as at 30 June 2018 pursuant to Article 2501-*quater* of the Italian Civil Code;
- (vi) the FdR balance sheet as at 30 June 2018, pursuant to Article R.236-1 of the French Commercial Code;
- (vii) the consolidated and separate Beni Stabili and FdR financial statements for 2015, 2016 and 2017, accompanied by the related management reports and reports issued by the auditing company (in English as far as FdR is concerned);
- (viii) the information document relating to significant mergers, drawn up by Beni Stabili pursuant to Article 70, paragraph 6 of the Issuers Regulations.

On 31 May 2018, the Issuer also made available to the public, *inter alia*, on the website www.benistabili.it (“*Governance - Documentation - Information Memoranda*” and “*Investor relations - Merger Project with Foncière des Régions*” sections) the information document relating to transactions of greater significance with related parties, drafted by Beni Stabili pursuant to Article 5 of the Regulation adopted by CONSOB with Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented.

1.2 Rationale of the Transaction

The Merger is an important step towards simplifying the FdR Group and towards improving the synergic relationship between its various divisions and business areas that is in line with an international trend and that seems to be increasingly popular (and which is characterized by the sector's concentration and the creation of large groups capable of competing more effectively on the European scene).

More specifically, it is believed that, through the Merger, the FdR Group can become even more proactive in Italy and pursue more effectively the implementation of its real estate strategy, which was announced in 2015 and which aimed to refocus its activities in the Milan “prime” office sector, by rotating its portfolio and getting actively involved in developing and redeveloping properties and areas located in the Municipality of Milan, while continuing to offer quality services to its customers.

It is believed, in particular, that, through the proposed Merger, Beni Stabili shareholders, who will acquire shares in the Transferee Company, will gain access to one of the largest listed real estate groups (so-called *REITs*) in Europe, which are characterised by:

(A) Unique exposure to real estate markets and sub-segments in Europe growing on a continuous basis

In this regard, FdR and Beni Stabili respectively had, on a “group share” basis, portfolios of approximately EUR 13.4 billion and approximately EUR 3.6 billion as of 30 June 2018. The company arising from the Merger would, therefore, have assets of approximately EUR 15 billion.

Furthermore, the FdR Group operates in the main European metropolitan cities (such as Paris, Berlin and Milan), and also operates in diversified business sectors such as offices, hotels and residential properties. The FdR Group is also able to offer opportunities in the framework of a *pipeline* of significant property development projects (amounting to over EUR 5 billion). As a result thereof, the proposed Merger would allow Beni Stabili's shareholders to benefit from greater risk diversification, while at the same time strengthening the ability to seize the new growth opportunities offered by the various European markets in which FdR operates. It is also believed that Beni Stabili's full integration into one of the largest groups at European level can contribute to further strengthening its industrial and financial position, acquiring new management skills and benefiting from the wealth of experience, knowledge and skills developed by FdR in the most advanced markets in the European real estate business sector.

(B) Broad access and visibility in international capital markets, through a significant increase in the size of the market capitalisation, the working capital and, more generally, share liquidity

On 19 April 2018 (*i.e.*, the day before Beni Stabili announced the fact that it had received the Merger proposal from FdR), the Companies Participating in the Merger had a market capitalization of approximately EUR 6.6 billion (as far as FdR was concerned) and EUR 1.7 billion (as far as Beni Stabili FdR was concerned).

The combination of the two Companies Participating in the Merger would allow to enhance the capital market visibility of the Transferee Company resulting from the Merger and increase its liquidity. The Transferee Company would see an increase in the market capitalization (based on FdR 19 April 2018 figures) of approximately EUR 700 million,

coupled to an enlarged free float increasing by approximately EUR 500 million thus reaching 50.8% ⁽¹⁰⁾.

(C) Improved creditworthiness, with the ensuing possibility of having access to greater financial resources at more attractive terms and conditions

As a result of the Merger, the future company is expected to be more financially sound, when compared with the current Transferor Company and it is expected to have a greater ability to gain access to financial markets.

On the date of this Report, FdR benefits from a *rating* assigned by Standard & Poor's amounting to “BBB” (with positive outlook), whereas Beni Stabili has a *rating* awarded by the same agency, amounting to “BBB-” (with positive outlook).

(D) High profitability

On the basis of the proposed conditions and also taking into account the synergies that are assumed will take place, the Transaction is expected to have a positive impact on future economic results, when compared with those already achieved by Beni Stabili.

Furthermore, considering the last dividend distributed per share by the Companies Participating in the Merger ⁽¹¹⁾, the Transaction's impact on the current Beni Stabili dividend would be that of an increase of approximately 16%.

1.3 The Exchange Ratio

The Merger exchange ratio (the “**Exchange Ratio**”) is equal to:

**8.5 ordinary shares of the Transferee Company
for every 1,000 ordinary shares of the Transferor Company.**

Without prejudice to the provisions on the Fractional Entitlements to Transferee Shares (see Paragraph 4 below), no additional cash adjustment (*conguaglio*) to the Exchange Ratio is contemplated.

It should be noted that the aforementioned Exchange Ratio was calculated taking into account: *(i) ex ante*, the possible dilutive effects related to the conversion of the convertible bonds issued by Beni Stabili and FdR respectively and to the issue of free shares (*azioni gratuite*) by FdR within the context of the stock incentive plans; and *(ii)* the dividends that the Companies Participating in the Merger had already paid to their respective shareholders for the year ending 31 December 2017.

Under the Merger Agreement, each of the Companies Participating in the Merger committed to ordinarily conduct its activities and maintain continuity with the previous management, as well as refrain from conducting capital transactions that may have an impact on the Exchange Ratio or otherwise slow down the Merger or any transaction serving the purpose thereof. In particular, Beni Stabili and FdR have undertaken not to declare or pay any dividend or distribution of any other nature, or purchase their own shares until the Effective Date, except

⁽¹⁰⁾ Assuming that no withdrawal right is exercised by the Transferor Company's shareholders (see Paragraph 10 below).

⁽¹¹⁾ Based on the 2017 FdR dividend (EUR 4.50 per share) and Beni Stabili dividend (EUR 0.033 per share).

for what is permitted under the Merger Plan, which provides for certain limited exceptions that serve the purpose of completing the Transaction or otherwise aim to provide the Companies Participating in the Merger with some flexibilities.

More precisely, in determining the Exchange Ratio, the Boards of Directors of the Companies Participating in the Merger have also considered that the Transferee Company and/or the Transferor Company (as applicable) may take any of the following actions without triggering an adjustment of the Exchange Ratio:

- (a) the Transferee Company shall be entitled to grant new free shares (*actions gratuites*) up to a maximum number of 151,455 shares;
- (b) the Transferee Company shall be entitled to issue new shares to allow conversion of the convertible bonds issued by the same (ORNANEs, see Paragraph 1.1.3 (A) above);
- (c) Beni Stabili (or the Transferee Company, should the settlement of the shares in relation to which withdrawal rights will be exercised occur after the Effective Date) shall be entitled to purchase as many of its own shares (or the own shares offered in exchange where the withdrawals should be settled after the Effective Date) as may be required to complete the withdrawals settlement procedure under applicable law;
- (d) Beni Stabili shall be entitled to issue new shares to allow the conversion of the Convertible Bonds in accordance with the relevant Conditions; and
- (e) the Transferee Company shall be entitled to issue shares, equity instruments or other instrument giving access to the share capital or voting rights of the Transferee Company with no preferential subscription rights attached to each share of the Transferee Company in accordance with and subject to the terms and conditions of the financial authorizations granted as of the date of the Merger Plan to the Board of Directors of the Transferee Company by its shareholders' meeting, up to an aggregate maximum number of securities corresponding to 10% (*ten per cent*) of the current share capital of the Transferee Company, taking also into account all the shares, equity instruments or other instruments possibly issued in accordance with the provisions illustrated below.

Without prejudice to the foregoing, the Merger Plan also provides that FdR and Beni Stabili shall also be entitled to issue shares, equity instruments or other instrument giving access to the share capital or voting rights of the Transferee Company or the Transferor Company, as the case may be, with a preferential subscription right attached to each share of the Transferee Company or the Transferor Company, as the case may be (*rights' issue*), up to an aggregate maximum number of securities corresponding to 10% (*ten per cent*) of the current share capital of the Transferor Company or of the Transferee Company (as applicable), and, where referred to the Transferee Company, taking also into account all the shares, equity instruments or other instruments possibly issued under letter (e) above, provided that:

- (A) in the event of an issuance of shares above (*rights' issue*) of the Transferee Company, the Exchange Ratio shall then be adjusted to provide the holders of shares of Beni Stabili with the same economic effect as contemplated by the Merger Plan prior to such event, by automatically amending the Exchange Ratio as follows:

$$Z = 8.50 \times S / T_{\text{fdr}}$$

whereby:

- “Z” shall be the recalculated Exchange Ratio (*i.e.* the number of shares of the Transferee Company that each shareholder of Beni Stabili will receive in exchange for 1,000 shares of the Transferor Company);
- “S” shall mean the last price of the shares of the Transferee Company on Euronext Paris prior to the public announcement of the rights’ issue;
- “T_{fdr}” shall mean the theoretical ex-rights price of the shares of the Transferee Company;

and

- (B) in the event of an issuance of shares (*rights’ issue*) of Beni Stabili, the Exchange Ratio shall then be automatically adjusted as follows:

$$Z = [S \times 8.50/1000 - D_{\text{bs}}] / [S/1000]$$

whereby:

- “Z” shall be the recalculated Exchange Ratio (*i.e.* the number of shares of the Transferee Company that each shareholder of Beni Stabili will receive in exchange for 1,000 shares of the Transferor Company);
- “S” shall mean an amount of EUR 83.80, corresponding to the closing price of EUR 88.30 for shares of the Transferee Company on Euronext on 19 April 2018 minus the 2017 dividend of EUR 4.50 per share of the Transferee Company;
- “D_{bs}” shall mean the theoretical value of the right, as calculated based on (i) the last price of the shares of Beni Stabili prior to the announcement of the capital increase, minus (ii) the theoretical ex-rights price (also known as “TERP”).

With a view to preserving the *status* of listed real estate investment company (SIIQ) for the financial year 2018 and in particular complying with the obligation to distribute net profits at least equal to those provided for under Article 1, paragraphs 123, 123-*bis* and 124 of Law No. 296/2006, as subsequently amended and supplemented, the Beni Stabili Board of Directors may, after approval of the Transaction by the Issuer’s extraordinary Shareholders’ meeting, pass a resolution approving an interim dividend pursuant to Article 2433-*bis* of the Italian Civil Code. In this case, the Exchange Ratio shall be automatically adjusted in order to ensure that the holders of the Issuer’s or the Transferee Company’s shares, as appropriate, can benefit from the same economic conditions applied in the Merger Plan before such event, based on the following formula:

$$Z = [S \times 8.50/1000 - D_{\text{bs}}] / [S/1000]$$

whereby:

- “Z” shall be the recalculated Exchange Ratio (*i.e.* the number of shares of the Transferee Company that each shareholder of Beni Stabili will receive in exchange for 1,000 shares of the Transferor Company);
- “S” shall mean an amount of EUR 83.80, corresponding to the closing price of EUR 88.30 for shares of the Transferee Company on Euronext on 19 April 2018 minus the 2017 dividend of EUR 4.50 per share of the Transferee Company;
- “Dbs” shall mean the total amount of dividend or other distribution (before any applicable withholding tax) per share of Beni Stabili paid or payable by the Transferor Company prior to the Effective Date (excluding the 2017 dividend already paid as of the date of the Merger Plan).

Notwithstanding the foregoing, if between the date of the Merger Plan and the Effective Date, the outstanding shares of Beni Stabili or of the Transferee Company shall have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, split, reverse split, combination or exchange of shares, to the extent approved by the Transferor Company and the Transferee Company, then the Exchange Ratio will be appropriately adjusted to provide to the holders of such shares of the Transferor Company or of the Transferee Company, as the case may be, the same economic effect as contemplated by the Merger Plan prior to such event.

2 VALUES ATTRIBUTED TO THE COMPANIES PARTICIPATING IN THE MERGER FOR THE PURPOSES OF DETERMINING THE EXCHANGE RATIO

The Exchange Ratio was firstly approved by the Boards of Directors of the Companies Participating in the Merger in the meetings held on 24 and 25 May 2018, respectively, for the purpose of including it in the Merger Agreement executed on 25 May 2018, on the basis of the respective financial statements for the year ending as of December 31, 2017.

Subsequently, the said Exchange Ratio was confirmed at the Boards meetings held on 18 and 19 July 2018, respectively, when the aforementioned Boards of Directors approved their respective balance sheets as at 30 June 2018 (which will serve as balance sheets pursuant to Article 2501-*quater* of the Italian Civil Code and to the laws applicable in France), as well as the Merger Plan.

The Exchange Ratio was held to be fair, from a financial standpoint, by the independent advisor Lazard S.r.l. (“**Lazard**”), which:

- on 24 May 2018 delivered to the Related Parties Committee (for the purposes of the independent valuations to be conducted by the latter in the framework of the Related Party Procedure), and to the Beni Stabili Board of Directors, an opinion (the so-called *fairness opinion*) on the fairness, from a financial standpoint, of the Exchange Ratio indicated in the Merger Agreement (the “**Lazard Opinion**”);
- on 18 July 2018 delivered, again to the Related Parties Committee and to the Beni Stabili Board of Directors, a confirmatory letter (the so-called *bring-down letter*) aimed at confirming its previous assessment of the fairness, from a financial point of view, of the Exchange Ratio referred to in the Merger Plan, which, as already mentioned, assumed that the reference balance sheets of the Companies Participating in the Merger to be taken into account were those as at 30 June 2018 (the “**Lazard Confirmatory Letter**”).

Without prejudice to the foregoing, the independent advisor Deloitte Financial Advisory S.r.l. (“**Deloitte**”) also delivered to the Related Parties Committee:

- on 24 May 2018, a report on the fairness of the methodologies chosen and applied by Lazard for the purpose of the Lazard Opinion (the so-called *valuation review*) (the “**Deloitte Report**”);
- on 18 July 2018, a confirmatory report (the so-called *bring-down valuation review*) confirming the fairness of the methodologies chosen and applied by Lazard (the “**Deloitte Confirmatory Report**”).

A copy of the Lazard Opinion and the Deloitte Report is attached to the opinion issued by the Related Parties Committee on 24 May 2018, which is in turn attached to the information document relating to transactions of greater significance with related parties published on 31 May 2018, which can be consulted in the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

Copies of the Lazard Confirmatory Letter and the Deloitte Confirmatory Report are attached to the information document on significant merger transactions drafted by Beni Stabili pursuant to Article 70, paragraph 6, of the Issuers Regulation, which can be consulted in the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

Upon Beni Stabili so requesting, the Court of Rome appointed EY S.p.A. as independent Italian expert pursuant to Article 2501-*sexies* of the Italian Civil Code and Article 9 of Decree No. 108/2008, in charge of issuing a report on the fairness of the Exchange Ratio.

Upon both the Companies Participating in the Merger so requesting, the President of the Commercial Chamber of the Court of Metz France (*Tribunal de Grand Instance de Metz*) appointed Michel Léger, as independent French expert, pursuant to Articles L.236-25 and L.236-10 of the French Commercial Code, in charge of issuing a report on the fairness of the Exchange Ratio and another report attesting that the value of the assets and liabilities transferred by universal succession of title to the Transferee Company by the Transferor Company is not over-estimated.

As of the date of this Report, the abovementioned reports of EY S.p.A. and of Michel Léger had not been issued, it being understood that such reports will be published, pursuant to the applicable laws and regulations, on the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and the “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website of the Transferor Company, as well as filed and made available at Beni Stabili’s registered office located at Via Piemonte No. 38, Rome, in order to allow all those entitled to view them.

3 EXCHANGE RATIO AND CRITERIA FOLLOWED FOR ITS VALUATION

The Beni Stabili Board of Directors approved, and subsequently confirmed the Exchange Ratio after a reasoned and in-depth valuation of the Companies Participating in the Merger had been conducted, by using valuation methods that are commonly used in similar

transactions (also at international level) in relation to companies operating in the same business sector.

In particular, the Board of Directors took into account the assessment considerations made by Lazard (see Paragraph 2 above), agreeing on the methods, assumptions and conclusions. The result of the assessment on the fair exchange ratios between Beni Stabili and FdR shares within the context of the proposed Transaction are summarised in the Lazard Opinion, which was acquired by the Board of Directors on 24 May 2018, and afterwards confirmed in Lazard Confirmatory Letter, delivered to the Board on 18 July 2018. Note that the Lazard Opinion was previously acquired by the Related Party Committee for the purpose of its autonomous assessments for the approval of the Merger Agreement. The Lazard Confirmatory Letter was also delivered to the Related Parties Committee, who met on 18 July 2018, before the approval of the Merger Plan by the Board, and acknowledged the absence of any events which may change its previous assessment in relation to the Merger Agreement's approval. Both the Lazard Opinion and the Lazard Confirmatory Letter were also shared with the Board of Directors, in line with the terms of the mandate granted to Lazard.

Paragraphs 3.1 and 3.2 below contain a short description of the valuation methods used for the purposes of, respectively, the determination of the Exchange Ratio included in the Merger Agreement (which was based on the financial statements as at 31 December 2017) and the subsequent confirmation of the same Exchange Ratio for the purposes of the Merger Plan (based on the balance sheets as at 30 June 2018).

Also see “*Schedule 8*” to the Merger Plan (*Methods used for the determination of the Merger Exchange Ratio*), which was prepared in accordance with the French laws and which includes a summary of the methods and sources used by the Boards of Directors of Beni Stabili and FdR.

3.1 Valuations instrumental to the determination of the Exchange Ratio provided in the Merger Agreement

3.1.1 Valuations summary

In order to determine the Exchange Ratio provided in the Merger Agreement, the Boards of Directors of Beni Stabili and of FdR assumed as reference balance sheets for the Companies Participating in the Merger their respective financial statements for the year ending 31 December 2017 (see the press release published by Beni Stabili on 24 May 2018, which can be consulted in the “*Media - Press Releases*” section of the www.benistabili.it website; see also the press release published by FdR on 25 May 2018, which can be consulted in English language in the “*Press*” section of the www.covivio.eu website).

In that occasion, the Board of Directors of Beni Stabili approved the Exchange Ratio taking into account Lazard's assessment considerations and agreed with its method, assumptions and conclusions.

Within the context of the overall valuation and analysis, the possible impacts of the events and the transactions contemplated in the Merger Agreement have also been considered (including without limitation the transactions that the Companies Participating in the Merger are entitled to carry out without determining an adjustment of the Exchange Ratio).

To determine the Exchange Ratio provided under the Merger Agreement, the Issuer's Board of Directors used commonly accepted principles and methodologies, which appeared to be used in the standard practice, also internationally, for the same kind of transactions where companies operating in the same field were involved, and appropriate in light of the features of each of the Companies Participating in the Merger, also taking into account the relevant limitations and restrictions.

In accordance with the standard practice, the valuations instrumental to the Exchange Ratio determination were carried out with a view to express the estimated value of the Companies Participating in the Merger, giving preference to homogeneity and comparability of the relevant criteria (taking into account the characteristics of the companies and/or the groups which were the subject of the valuation) rather than the determination of the absolute value of those companies considered stand-alone. These valuations must be intended exclusively on a relative basis and with limited reference to the Merger.

In fact, the scope was to define, through homogeneous methodologies and assumptions, comparable values of the Companies Participating in the Merger in order to identify a reasonably fair range of the Exchange Ratio. Therefore, these valuations cannot be considered as possible statements of market prices or of any present or future values in a context other than that referred to herein.

Furthermore, the stand-alone valuations reflect the existing condition and the future prospects of the companies as independently considered (although Beni Stabili was considered within the FdR Group), whilst the effects and impacts of the Merger were not taken into account, including any envisaged synergies or otherwise and the related extraordinary costs.

Specifically, the following criteria were used, which were attributed the same level of weight:

- (i) *Market Prices Analysis*, namely the analysis of the historical price performance of the shares of the Companies Participating in the Merger for the 52-week period ending as of 19 April 2018 (included), *i.e.* the date prior to the announcement of the Merger;
- (ii) *Comparable Companies Analysis*, namely the review and analysis of publicly available financial information relating to a panel of selected European REITs (*real estate investment trusts*) viewed as generally relevant to evaluate the Companies Participating in the Merger;
- (iii) *Net Assets Value (NAV) and triple-net NAV (NNNAV) Analysis*, namely the assessment of the economic value of the Companies Participating in the Merger on the basis of the book value expressed at current levels, which are respectively defined as:
 - the shareholder's equity excluding (a) the fair value of financial instruments, and convertible bond and (b) deferred taxes assets and liabilities, while including (x) the fair value of certain properties (operating properties, trading properties, car parks and hotel operating properties) (y) the restatements of some properties' value, related to duties treatment on certain disposal schemes;
 - the shareholder's equity including (a) the fair value of certain properties (operating properties, car parks and hotel operating properties), (b) the fair value of fixed-rate debts and (c) the restatements of some properties' value,

related to duties treatment on certain disposal schemes;

- (iv) *Target Prices Analysis*, namely the review of research equity analysts' for each of the Companies Participating in the Merger, published after the announcement of their respective 2017 year end results and prior to the announcement of the Merger;
- (v) *Precedent Transactions Analysis*, namely the review and analysis of certain publicly available financial information of target companies in selected recent precedent merger and acquisition transactions involving companies in the real estate industry (in particular European REITs).

It should be noted that the valuation analysis was carried out taking into account: (i) *ex ante*, the possible dilutive effects related to the conversion of the convertible bonds issued by Beni Stabili and FdR respectively (taking into account the implicit optional component thereof) and to the issue of free shares (*actions gratuites*) by FdR within the context of the stock incentive plans; and (ii) the dividends that the Companies Participating in the Merger had already paid to their respective shareholders for the year ending 31 December 2017.

The following tables set forth the results of the abovementioned analyses - for each of the criteria above -for the purposes of the Exchange Ratio included in the Merger Agreement, which was based on the financial statements as at 31 December 2017 of the Companies Participating in the Merger.

For further information, see in any case the Lazard Opinion, which is attached to the opinion issued by the Related Parties Committee on 24 May 2018, which is in turn attached to the information document relating to transactions of greater significance with related parties published on 31 May 2018, available in the “*Governance/ Documents/ Information Memoranda*” and “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

Market Prices Analysis

The historical price performance of the Companies Participating in the Merger has been deemed as a reliable valuation analysis considering that both Companies Participating in the Merger have: (i) a significant free float and relevant trading volumes; (ii) wide equity analyst research coverage; (iii) been listed for several years; and (iv) institutional investors representing a significant part of their shareholder base.

The historical price performance of the Beni Stabili shares and the shares of FdR was reviewed for the 52-week period ending as of April 19th, 2018, *i.e.*, the date prior to the announcement of the Merger. Market prices after such announcement have not been considered as they are affected by the announcement of the Merger itself reflecting the market expectations of the effects of the Merger.

The exchange ratio implied by the market prices of the Beni Stabili shares and the shares of FdR has been analysed over different periods, taking into consideration the official prices (*prezzi ufficiali*) of the Companies Participating in the Merger (provided by Bloomberg), as adjusted for the amount of the ordinary dividends on 2017 net results, paid by both the Companies Participating in the Merger in May 2018, *i.e.* prior to the effectiveness of Merger. In particular, the spot price was considered of the Beni Stabili shares and FdR shares on

April 19th, 2018 and the simple average prices and volume weighted average prices for periods of one, three, six, nine and twelve months ending as of such date. The use of average prices calculated over such periods (in addition to spot prices) is designed to capture the progression of the Beni Stabili's and FdR's share price and isolate the effect of specific corporate or other events on share price performance, as well as potential short term market volatility. The following table sets forth the results of these analyses.

| Period ending 19 April 2018 | Exchange Ratio | |
|-----------------------------|----------------|-------------------------|
| | Simple average | Volume weighted average |
| Last day (19 April) | 8.25x | 8.25x |
| 1 month period | 7.81x | 7.85x |
| 3 month period | 7.84x | 7.88x |
| 6 month period | 8.15x | 8.19x |
| 9 month period | 8.26x | 8.24x |
| 12 month period | 8.08x | 8.03x |

On the basis of the results obtained from the application of the market prices methodology, the range of values for the Exchange Ratio was as follows:

| | MIN | MAX |
|----------------|-------|-------|
| Exchange Ratio | 7.81x | 8.26x |

Comparable Companies Analysis

Selected publicly traded companies in the real estate industry that were viewed as generally relevant in evaluating the Beni Stabili and FdR were reviewed and analyzed. In performing these analyses, publicly available financial information relating to a panel of selected European REITs ("Real Estate Investment Trusts") were reviewed and analyzed, and such information was compared to the corresponding information for Beni Stabili and FdR, based on publicly available information and data provided by the management of the Transferor Company.

Although none of the selected companies is perfectly comparable to Beni Stabili or FdR, the companies included are publicly traded companies that have obtained the REIT regime with operations and/or other criteria, such as lines of business, markets, destination of use and geographical exposure of the property portfolio, business risks, growth prospects, maturity of business and size and scale of business, that for purposes of analysis were considered generally relevant in evaluating the business of Beni Stabili.

Based on equity analysts' estimates and other public information, the following were reviewed, among other things: (i) the premium/discount of the market capitalization of each

selected comparable company compared to its last reported NAV (“**Premium/(Discount) to NAV**”); (ii) the projected normalized net earnings per share of each selected comparable company for each of the fiscal years ending on December 31st, 2018, 2019 and 2020 as a percentage of such company’s price per share (“**Earnings Yield**”); (iii) the enterprise value of each selected comparable company as a multiple of such comparable company’s projected EBITDA for each of the fiscal years ending on December 31st, 2018, 2019 and 2020 (“**EV/EBITDA**”); (iv) the price per share of each selected comparable company as a multiple of such comparable company’s projected FFO per share (funds from operations) for each of the fiscal years ending on December 31st, 2018, 2019 and 2020 (“**P/FFO**”); and (v) the projected dividends per share of each selected comparable company for each of the fiscal years ending on December 31st, 2018, 2019 and 2020 as a percentage of such company’s price per share (“**Dividend Yield**”).

A range obtained taking into account the minimum and maximum value among average and median of the trading multiples calculated on the basis of both spot market prices and three months volume weighted average prices has been considered.

| | Historical | 2018E | 2019E | 2020E |
|---------------------------|-----------------|---------------|---------------|---------------|
| Premium/(Discount) to NAV | (7.5%) – (6.5%) | - | - | - |
| Earnings Yield | - | 6.4% – 6.0% | 6.4% – 6.0% | 6.3% – 6.1% |
| EV/EBITDA | - | 21.9x – 24.6x | 21.7x – 23.5x | 22.1x – 22.7x |
| P/FFO | - | 19.0x – 20.7x | 17.8x – 19.2x | 15.6x – 18.0x |
| Dividend Yield | - | 4.7% – 4.3% | 4.9% – 4.6% | 4.7% – 4.6% |

The multiples described above have been applied respectively to the last available NAV of the Companies Participating in the Merger (adjusted to take into account the dividends distributed prior to 24 May 2018 by the Companies Participating in the Merger) and the projected normalized net earnings per share, EBITDA, FFO per share and dividend per share of each of Beni Stabili and FdR, in accordance with certain financial forecasts derived from selected research analysts reports for each of Beni Stabili and FdR and extrapolations of such forecasts.

The results of these analyses were as follows:

| | Exchange Ratio | |
|---------------------------|----------------|---------|
| | Minimum | Maximum |
| Premium/(Discount) to NAV | 8.88x | 9.06x |

| | | |
|----------------|-------|-------|
| Earnings Yield | 7.40x | 8.18x |
| EV/EBITDA | 5.51x | 7.52x |
| P/FFO | 6.93x | 8.44x |
| Dividend Yield | 7.43x | 8.24x |

NAV Analysis

The NAV and the triple-net NAV (“**NNNAV**”) reported by the Companies Participating in the Merger was examined. The NAV methodology assesses the economic value of a company on the basis of the book value expressed at current levels, which is defined as the sum of the book value of equity and the potential gains and losses on disposals, net of relevant tax effects.

It has to be noted that this approach relies significantly on the property appraisal work: the practitioners usually determine the portfolio value asset by asset, *i.e.* the value each property would have if sold on the market individually on the date of the valuation, not taking into account premium/ discounts deriving from the sale of the portfolio as a whole.

The analysis has been based on the last available NAV and NNNAV as reported by the Companies Participating in the Merger as at December 31st, 2017. NAV and NNNAV data have been adjusted to take into account the distributions by the Companies Participating in the Merger of ordinary dividends on 2017 net results occurring prior to 24 May 2018.

In order to take into account the differences between the reference geographical markets of the two Companies Participating in the Merger in terms of ratio between market prices and NAV, the average 1 year historical discount to NAV for Italy and France has been applied to Beni Stabili and FdR, respectively (the discount to NAV for Italy and France sectors has been computed on the basis of data for the EPRA/NAREIT Index, as provided by the European Public Real Estate Association).

On the basis of the results obtained from the application of the NAV analysis methodology, a range of values for the Exchange Ratio was derived as follows:

| | Exchange Ratio | |
|-------|----------------|-------|
| | MIN | MAX |
| NAV | 7.14x | 8.92x |
| NNNAV | 7.75x | 9.68x |

Target Prices Analysis

Research equity analysts’ target prices were reviewed for Beni Stabili and FdR published (i) after the announcement of their respective 2017 year end results and (ii) prior to the announcement of the Merger. Target prices published after the announcement of the Merger

have not been considered relevant, as in many cases they already reflect the analysts' expectations of the effects of the Merger itself.

The reliability of such analysis is supported by the significant number of analysts covering the Companies Participating in the Merger. In total, 12 (*twelve*) target prices for the Company and 9 (*nine*) target prices for FdR have been taken into consideration.

The analysis has been performed following two approaches:

- (i) calculating the exchange ratios implied by the respective average and median target prices of Beni Stabili and of FdR. The result of the analysis is summarized in the table below:

| | Median | Avarage |
|----------------|--------|---------|
| Exchange Ratio | 8.14x | 7.91x |

- (ii) calculating the average and median of the exchange ratios implied by the target prices of each analyst covering both Beni Stabili and FdR. The result of the analysis is summarized in the table below:

| | Median | Avarage |
|----------------|--------|---------|
| Exchange Ratio | 7.71x | 7.77x |

On the basis of the results obtained from the application of the analyst target price methodology, the range of values for the Exchange Ratio was as follows:

| | MIN | MAX |
|----------------|-------|-------|
| Exchange Ratio | 7.71x | 8.14x |

Precedent Transactions Analysis

Certain publicly available financial information was reviewed and analyzed of target companies in selected recent precedent merger and acquisition transactions involving companies in the real estate industry (in particular European REITs) considered generally relevant in evaluating the business of the Companies Participating in the Merger. In performing these analyses, certain financial information, transaction multiples and premiums paid in relation to the target companies involved in the selected transactions were analyzed, and such information was compared to the corresponding information for the Companies Participating in the Merger.

Specifically, it was calculated for a selected panel of comparable transactions, and to the extent information was publicly available, the implied Premium/(Discount) to NAV, based on last available NAV data. The average and median of Premium/(Discount) to NAV were equal to 1.4% to (1.1)%, respectively.

In addition, for the same transactions a premiums paid analysis was performed: the implied premiums in this analysis were calculated by comparing the per share acquisition price to the

target company's (i) share price one day prior to announcement, (ii) average share price for the three-month period prior to announcement. The average and median of premiums for case (i) above were equal to 14.8% and to 14.2%, respectively; for case (ii) above the average and median of premiums were equal to 19.2% and to 19.7%, respectively.

The average and median Premium/(Discount) to NAV was applied to the last available NAV of the Companies Participating in the Merger and the average and median premiums to the share price and the three-month average price of Beni Stabili and FdR as of the date prior to the announcement of the Merger, *i.e.* April 19th, 2018.

A restricted panel including parent-to-subsidary transactions (similarly to the Merger) was also analysed. The average and median of Premium/(Discount) to NAV were equal to (20.5%) to (14.7%); the average and median of premiums were equal to 10.8% and to 5.0%, respectively for share price one day prior to announcement; the average and median of premiums were equal to 15.7% and to 7.0%, respectively for average share price for the three-month period prior to announcement.

In the case of the restricted panel, Lazard applied the average and median Premium/(Discount) to NAV to the last available NAV of Beni Stabili and the average and medium premiums to the share price and the three-month average price of the Transferor Company prior to the announcement of the Merger, while valuing FdR at its market value on the date prior to the announcement of the Merger (*i.e.* April 19th, 2018).

The results of the analyses were as follows:

| | Exchange Ratio | |
|---|----------------|-------|
| | MIN | MAX |
| Analysis of precedent transactions | 7.85x | 8.66x |
| Analysis of precedent transactions (restricted panel) | 7.56x | 9.15x |

Although none of the selected precedent transactions or the companies party to such transactions is perfectly comparable to the Merger or to Beni Stabili or FdR, all of the transactions were chosen because they involve transactions that, for purposes of analysis, may be considered similar to the Merger and/or involve publicly traded companies with operations that, for purposes of analysis, may be considered generally relevant in evaluating the operations of the Companies Participating in the Merger.

3.1.2 Critical issues and limitations

In carrying out the above valuation, both the specific characteristics of the Companies Participating in the Merger and the issues connected to the application of valuation methods used to determine the Exchange Ratio were considered.

The conclusions reached by the Board of Directors when the Exchange Ratio was approved ought to be interpreted on the basis of certain limitations and obstacles, which are also illustrated in the Lazard Opinion and may be summarised as follows:

- limited information is available on the current trading performance of the Companies

Participating in the Merger (for example, there is limited information regarding the first quarter 2018 for FdR);

- the valuation analysis were based (in addition to historical data) exclusively on certain financial forecasts derived from selected research analysts reports for each of Beni Stabili and FdR and extrapolations of such forecasts; moreover, it has not been possible to apply the discounted cash flow methodology because the forecasts above are of limited utility for purposes of carrying out a discounted cash flow analysis due to the very limited number of brokers showing detailed cash flow projections for the Companies Participating in the Merger, the absence of explicit assumptions for such forecasts and the great differences among the available broker estimates;
- estimates and projections contained in the aforesaid forecasts utilized for the valuations and analyses and the results deriving from the application of the valuation methodologies depend to a substantial degree on the macroeconomic and political conditions and competitive environment in which the Companies Participating in the Merger operate; as a result, the current macroeconomic uncertainty and possible changes in variables of the relevant environment, as well as changes in the assumptions underlying the above forecasts could have an impact, even significant, on the results of the analysis and the valuations carried out.

3.1.3 Conclusions

At the end of the valuation process, from a financial standpoint, the Exchange Ratio identified in the Merger Agreement was considered to be fair.

In the context of the discussion that took place at the Board meeting held before the Merger Agreement was approved, the Board of Directors also acknowledged the contents of the Deloitte Report regarding the substantial adequacy of the evaluation methods chosen and applied by Lazard for the purpose of the Lazard Opinion. For further information, see in any case the Deloitte Report, which is attached to the opinion issued by the Related Parties Committee on 24 May 2018, which is in turn attached to the information document relating to transactions of greater significance with related parties published on 31 May 2018, available in the “*Governance - Documents - Information Memoranda*” and “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

3.2 Valuations instrumental to the determination of the Exchange Ratio provided in the Merger Plan

3.2.1 Valuations summary

In order to confirm (or update, as the case could be) the final Exchange Ratio to be included in the Merger Plan, the Boards of Directors of Beni Stabili and of FdR used as reference balance sheets for the Companies Participating in the Merger their respective balance sheets as at 30 June 2018.

The Board of Directors met on 18 July 2018 and, after having acknowledged the confirmation of the Related Parties Committee in relation to the Issuer’s interest in completing the Transaction and the convenience and substantial correctness of the Merger’s terms and conditions, resolved to confirm the same Exchange Ratio and the automatic adjustment formulas which had been determined for the purposes of the Merger Agreement

and that are described in Paragraph 1.3 above.

More in detail, the Beni Stabili Board of Directors confirmed the Exchange Ratio taking into account that the Lazard Confirmatory Letter confirmed the same conclusions of the Lazard Opinion, subject to all of the terms, conditions, assumptions, qualifications, critical issues and limitations identified or expressed in the Lazard Opinion.

To confirm the Exchange Ratio provided under the Merger Plan, the same valuation criteria illustrated in Paragraph 3.1.1 above were used.

The following tables set forth the results of the abovementioned analyses - for each of the criteria above - for the purposes of the confirmation of the Exchange Ratio included in the Merger Plan. For a more detailed description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, see Paragraph 3.1.1 above (it being understood however that, for the purposes of the valuation analysis, where applicable, the circumstance that the distribution of ordinary dividends by the Companies Participating in the Merger in relation to 2017 had already taken place).

Market Prices Analysis

| | Exchange Ratio | |
|-----------------------------|----------------|-------------------------|
| Period ending 19 April 2018 | Simple average | Volume weighted average |
| Last day (19 April) | 8.25x | 8.25x |
| 1 month period | 7.81x | 7.85x |
| 3 month period | 7.84x | 7.88x |
| 6 month period | 8.15x | 8.19x |
| 9 month period | 8.26x | 8.24x |
| 12 month period | 8.08x | 8.03x |

On the basis of the results obtained from the application of the market prices methodology, the range of values for the Exchange Ratio was as follows:

| | MIN | MAX |
|----------------|-------|-------|
| Exchange Ratio | 7.81x | 8.26x |

Comparable Companies Analysis

| | Exchange Ratio | |
|--|----------------|---------|
| | Minimum | Maximum |

| | | |
|---------------------------|-------|-------|
| Premium/(Discount) to NAV | 8.60x | 8.65x |
| Earnings Yield | 7.27x | 8.35x |
| EV/EBITDA | 5.76x | 7.48x |
| P/FFO | 6.87x | 8.56x |
| Dividend Yield | 7.24x | 7.52x |

NAV Analysis

| | | |
|-------|----------------|-------|
| | Exchange Ratio | |
| | MIN | MAX |
| NAV | 7.10x | 8.61x |
| NNNAV | 7.63x | 9.25x |

Target Prices Analysis

The analysis has been performed following two approaches:

- (i) calculating the exchange ratios implied by the respective average and median target prices of Beni Stabili and of FdR. The result of the analysis is summarized in the table below:

| | | |
|----------------|--------|---------|
| | Median | Average |
| Exchange Ratio | 8.14x | 7.91x |

- (ii) calculating the average and median of the exchange ratios implied by the target prices of each analyst covering both Beni Stabili and FdR. The result of the analysis is summarized in the table below:

| | | |
|----------------|--------|---------|
| | Median | Average |
| Exchange Ratio | 7.71x | 7.77x |

On the basis of the results obtained from the application of the analyst target price methodology, the range of values for the Exchange Ratio was as follows:

| | | |
|----------------|-------|-------|
| | MIN | MAX |
| Exchange Ratio | 7.71x | 8.14x |

Precedent Transactions Analysis

| | Exchange Ratio | |
|---|----------------|-------|
| | MIN | MAX |
| Analysis of precedent transactions | 7.86x | 8.98x |
| Analysis of precedent transactions (restricted panel) | 7.77x | 9.15x |

Although none of the selected precedent transactions or the companies party to such transactions is perfectly comparable to the Merger or to Beni Stabili or FdR, all of the transactions were chosen because they involve transactions that, for purposes of analysis, may be considered similar to the Merger and/or involve publicly traded companies with operations that, for purposes of analysis, may be considered generally relevant in evaluating the operations of the Companies Participating in the Merger.

3.2.2 *Critical issues and limitations*

In the context of the analysis and the determinations above, *mutatis mutandis*, the same limitations and difficulties illustrated in Paragraph 3.1.2 above were considered.

3.2.3 *Conclusions*

At the end of the aforesaid process, the fairness, from a financial standpoint, of the Exchange Ratio identified in the Merger Plan was confirmed.

In the context of the discussion that took place at the Board meeting held before the Merger Plan was approved, the Board of Directors also acknowledged the contents of the Deloitte Confirmatory Report regarding the substantial adequacy of the evaluation methods chosen and applied by Lazard. A copy of the Deloitte Confirmatory Report is attached to the information document on significant merger transactions drafted by Beni Stabili pursuant to Article 70, paragraph 6, of the Issuers Regulation, which can be consulted in the “*Governance – Shareholders’ meetings – Extraordinary Shareholders’ Meeting 5 September 2018*” and “*Investor relations – Merger Project with Foncière des Régions*” sections of the www.benistabili.it website.

4 METHODS OF ALLOTMENT OF THE SHARES OF THE TRANSFEREE COMPANY

As a result of the Merger, all the ordinary shares issued by Beni Stabili (including any treasury shares held by the Transferor Company on the Effective Date) will be cancelled in accordance with the applicable laws, and their exchange for ordinary shares of the Transferee Company will be carried out in accordance with the Exchange Ratio, which is equal to 8.5 ordinary shares of FdR for every 1,000 ordinary shares of Beni Stabili (subject to a possible adjustment as described in Paragraph 1.3 above).

The exchange between the shares of Beni Stabili and the shares of the Transferee Company will be implemented, on the basis of the Exchange Ratio, through a capital increase of the Transferee Company up to a maximum of 9,478,728 shares, each with a par value of EUR 3.00 (see Paragraph 1.1.3 (D) above). The final number of shares of the Transferee Company to be issued and allotted will depend in any case on the Exchange Ratio (as possibly adjusted) and also on (i) the number of treasury shares held by Beni Stabili or the number of shares of Beni Stabili held by the Transferee Company, as the case may be, as of the Effective Date, provided that no shares of the Transferee Company will be issued and allotted in the Merger

in exchange for treasury shares of the Transferor Company or for shares of the Transferor Company held by the Transferee Company, in accordance with Article L. 236-3-II of the French Commercial Code and Article 2504-ter of the Italian Civil Code, and (ii) the total number of shares of Beni Stabili (other than the treasury shares of Beni Stabili and those outstanding shares held by the Transferee Company) as of the Effective Date.

The holders of shares of the Transferee Company who are not also holders of shares of the Transferor Company will maintain the shares held by them on the Effective Date.

The new shares of the Transferee Company that will be issued and allotted to the shareholders of the Transferor Company will be listed on the Euronext Paris, likewise the other outstanding shares of the Transferee Company. Furthermore, as indicated in the Merger Plan, the Transferee Company intends to start a process aimed at listing its shares also on the MTA (so-called ‘*dual listing*’) on or about the Effective Date.

The new shares of the Transferee Company will be issued and allotted to the shareholders of Beni Stabili through the relevant centralized clearing system or settlement system in accordance with the Exchange Ratio. The Merger Plan provides for the Transferee Company’s undertaking to take all actions, and to file all necessary documents with Euronext Paris, with a view to having the new shares of the Transferee Company resulting from the Merger admitted to trading on Euronext Paris on the first trading day after the Effective Date. The conditions of this admission to trading will be detailed in a notice to be published by Euronext Paris. At the date of this Report, the Euronext Paris calendar for 2019, indicating the trading days for that market, was not yet available. In any event, this calendar can be consulted on the www.euronext.com website, “*Trading & Products - Calendars & Hours*” section.

The holders of the new shares of the Transferee Company will be granted with the same identical rights to those granted to the holders of the other outstanding shares of the Transferee Company and will only be entitled to distributions made by the Transferee Company as from the Effective Date.

On the Effective Date, any shareholder of Beni Stabili who, irrespective of any sale or purchase of shares of the same Beni Stabili before the Effective Date, does not hold a sufficient number of shares of the Transferor Company to receive a whole number of new shares of the Transferee Company (the “**Fractional Entitlements to Transferee Shares**”), will be entitled - pursuant to a procedure consistent with applicable law - to receive, in addition to the whole number of shares of the Transferee Company resulting from the Exchange Ratio, a cash consideration as a settlement for such Fractional Entitlements to Transferee Shares, the amount of which shall be determined by the intermediaries in accordance with applicable law.

Prior to the Effective Date, the Companies Participating in the Merger and an intermediary or a bank participating to the relevant centralized clearing system will determine suitable procedures for the treatment of Fractional Entitlements to Transferee Shares, in accordance with applicable market practice and rules and with the provisions set forth in article L. 228-6-1 and R.228-12 of the French Commercial Code, including the conditions to carry out, upon consent of those entitled, any rounding transactions aimed at allowing the conversion into a whole number of shares of the Transferee Company based on the Exchange Ratio.

Further information on the conditions and procedure for allocation of the Transferee Company shares will be disclosed through a notice published on the www.benistabili.it website, as well as on an Italian national newspaper.

Without prejudice to the foregoing, only whole shares of the Transferee Company will be issued and allotted in connection with the Merger and the Transferee Company will deliver only whole shares to the shareholders of Beni Stabili. Beni Stabili's shareholders who will hold, on the Effective Date, a number of shares of the Transferor Company not giving right to receive a whole number of new shares of the Transferee Company, shall be deemed to have expressly agreed to take part in the process of sale of the newly issued Transferee Company shares corresponding to such Fractional Entitlements to Transferee Shares as described hereafter.

With a view to procure the funds to settle the Fractional Entitlements to Transferee Shares, it will be proposed to the Shareholders' meeting of FdR convened to resolve on the Merger Plan to approve a global sale of the newly issued shares of the Transferee Company which would not have been allocated and which would correspond to the Fractional Entitlements to Transferee Shares, upon expiry of a 30 (*thirty*)-day period following the latest date of recording into the registers of the whole share(s) allocated to the relevant shareholders. The sale of the newly issued Transferee Company's shares shall take place on Euronext Paris through a financial intermediary among those authorized under the laws of France, who will be appointed to facilitate the payment of the net amount resulting from the sale of the newly issued ordinary shares corresponding to the Fractional Entitlements to Transferee Shares to the benefit of the relevant shareholders of Beni Stabili (notably, the amount shall be net of any trading fees and any other fees which would relate to the sale of the newly issued ordinary shares corresponding to the Fractional Entitlements to Transferee Shares). The intermediary so appointed shall sell such newly issued shares of the Transferee Company on the regulated market Euronext Paris on behalf of shareholders of Beni Stabili taking part into this process, who shall in turn receive the net profit resulting from such sale *pro-rata* their stake in the mechanism.

For the avoidance of doubt, no interest shall be paid in relation to the cash payment to be received by the relevant shareholders of Beni Stabili in accordance with this Paragraph even in case of delays of payment of such amount.

5 EFFECTIVE DATE OF THE MERGER AND DATE OF RECORDING THE TRANSFEROR COMPANY'S OPERATIONS IN THE ACCOUNTS OF THE TRANSFEREE COMPANY

For the purposes of Article L.236-31 of the French Commercial Code and of Article 15 of the Decree 108/2008, and subject to fulfilment (or waiver, to the extent permitted under applicable laws) of the conditions precedent of the Merger as described in Paragraph 1.1.4 above, the effectiveness of the Merger from a tax and accounting standpoint will be postponed until 11:59 pm on 31 December 2018, to be intended as the Effective Date.

For accounting and tax purposes, the financial information with respect to the assets, liabilities and other legal relationships of Beni Stabili will be recorded in the financial statements of the Transferee Company as of 31 December 2018, and, as a result of the above, the accounting effects of the Merger will be recognized in the financial statements of the Transferee Company from that date.

6 ACCOUNTING TREATMENT APPLICABLE TO THE TRANSACTION

Both Beni Stabili and FdR draw up their consolidated accounts in compliance with the IFRS and, following the Merger, the Transferee Company will continue to draw up its consolidated accounts in compliance with those standards.

Based on the IFRS, the Merger consists of the reorganization of existing companies, which does not give rise to any change in control and, therefore, satisfies the definition of “*business combination involving entities or businesses under common control*”, provided under the accounting principle IFRS 3 - *Business Combinations*, but it is excluded from the application of the acquisition method regulated by the abovementioned IFRS 3. As a result, the Merger will be recorded as a transaction on net assets, at the existing carrying amounts.

As previously indicated, pursuant to French law, the accounting effects of the Merger will be recognized in the financial statements of the Transferee Company from the Effective Date.

7 TAX EFFECTS ON THE COMPANIES PARTICIPATING IN THE MERGER

For Italian tax purposes, the Merger qualifies as a cross-border merger pursuant to Article 178 of Presidential Decree no. 917 of 22 December 1986 (“**Consolidated Income Tax Act**”), which enacts Council Directive 90/434/EEC of 23 July 1990 on the common system of taxation applicable to mergers, demergers, transfers of assets and exchanges of shares concerning companies of different Member States (consolidated into Council Directive 2009/133/EC of 19 October 2009, also known as the “Merger Directive”).

Italian tax regulations provide that cross-border mergers are tax neutral in relation to the assets and liabilities that remain connected with an Italian permanent establishment. Items that do not remain connected with the permanent establishment will be deemed to be sold at their fair market value.

The Transferee Company intends to hold a Permanent Establishment in Italy, to which all the assets and liabilities of Beni Stabili will be allocated. The Transferee Company intends to opt for the application to the Permanent Establishment of the regime provided under Article 1, paragraph 141-*bis*, of Law no. 296 of 27 December 2006, pursuant to which the income of the Permanent Establishment arising from the real estate leasing business will be subject to a substitute tax at the rate of 20% (*twenty per cent*) in place of the corporate income tax and of the regional tax on productive activities. The Transferee Company intends to act so that the option for the said regime starts from the first tax period after the Effective Date of the Merger, in continuity with the current SIIQ regime applied by Beni Stabili, and therefore without being necessary to pay the so-called entry tax applied at the rate of 20% (*twenty per cent*) pursuant to Article 1, paragraph 126 *et seq.*, of Law no. 296 of 27 December 2006.

Pursuant to Article 180 of the Consolidated Income Tax Act, the untaxed reserves registered in the net equity of Beni Stabili prior to the Merger must be allocated to the free capital of the Permanent Establishment after the Merger, in order to preserve the said state of tax suspension.

Pursuant to Article 181 of the Consolidated Income Tax Act, the tax losses that were not generated under the group taxation regime currently in place between Beni Stabili and several of its subsidiaries (the “**Group Taxation Regime**”) and the other relevant attributes of Beni Stabili (such as interest expenses not deducted and carried forward pursuant to Article 96 of

the Consolidated Income Tax Act) may be carried forward by the Permanent Establishment, in compliance with Article 172, paragraph 7 of the Consolidated Income Tax Act, in proportion to the difference between the assets and liabilities connected with the Permanent Establishment and up to such difference. Said regime shall also be applied to any losses generated under the Group Taxation Regime which may be attributed to Beni Stabili in the event of interruption of the same Group Taxation Regime.

FdR intends to submit a request for a tax ruling to the Italian Revenue Agency pursuant to Article 124, paragraph 5 of the Consolidated Income Tax Act in order to demonstrate that the conditions are met to continue the Group Taxation Regime currently in place between Beni Stabili and several of its subsidiaries, by taking on, through the Permanent Establishment, the role of controlling entity. FdR deems that the conditions to obtain a positive response to the tax ruling application, whose submission is not mandatory by law but optional, should be met. It is also envisaged that, should the response be negative, the resulting interruption of the Group Taxation Regime would not give rise to particularly material negative effects.

The Merger will result in the application of registration, mortgage and cadastral taxes at the lump-sum amount of EUR 200 (*two hundred*).

Based on Italian income tax regulations, the Merger will not result in any taxable events for the Italian shareholders of Beni Stabili. The shares of the Transferee Company received by those shareholders at the Effective Date will have the same overall tax basis of the shares of Beni Stabili held by said shareholders prior to the Merger.

8 SHAREHOLDING STRUCTURE OF THE TRANSFEREE COMPANY FOLLOWING THE TRANSACTION

On the approval date of this Report, as indicated in the Merger Plan, FdR holds an interest in the corporate capital of Beni Stabili representing approximately 59.87%. Therefore, the Transferee Company exercises *de jure* control over the Transferor Company. Moreover, FdR exercises direction and coordination activity on Beni Stabili, pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

Based on communication received pursuant to Article 120 of the Italian Legislative Decree no. 58 of 24 February 1998, and of the additional information held by the Issuer, in addition to FdR, the following shareholders appear to have an interest in the corporate capital of Beni Stabili above 5%:

| Declarant | Direct shareholder | % on the share capital |
|----------------------|--------------------|------------------------|
| Credit Agricole S.A. | Predica S.A. | 5.697 |

It also appears that Delfin S.à.r.l. holds an interest in the share capital of Beni Stabili of approximately 3.4%.

As at the same date, on the basis of publicly available information communicated by FdR and based on additional information publicly available on the website of the French financial markets authority (*Autorité des marchés financiers*), the following shareholders appear to hold an interest in the share capital of the Transferee Company above 5%:

| Shareholder | % on the share capital |
|-----------------------------------|------------------------|
| Group Delfin S.à.r.l. | 28.3% |
| Group Assurances du Crédit Mutuel | 8.3% |
| Group Covéa | 7.8% |
| Group Crédit Agricole Assurances | 7.4% |

Taking into account the Exchange Ratio and assuming that no withdrawal rights are exercised, the estimated percentage of shareholding in the Transferee Company after the Merger are provided in the following table:

| Shareholder | % on the share capital |
|----------------------------------|------------------------|
| Group Delfin S.à.r.l. | 26.4% |
| Group Crédit Agricole Assurances | 8.1% |
| Assurances du Crédit Mutuel | 7.6% |
| Group Covéa | 7.0% |
| Floating capital | 50.8% |
| Treasury shares | 0.1% |

9 EFFECTS OF THE TRANSACTION ON SHAREHOLDERS' AGREEMENTS

Based on the publicly known information, at the date of this Report no shareholders' agreements had been concluded pursuant to Article 122 of the Italian Legislative Decree no. 58 of 24 February 1998, relating to the shares of FdR and/or the shares of Beni Stabili.

10 ASSESSMENTS CONCERNING THE WITHDRAWAL RIGHT – SHAREHOLDERS ENTITLED TO EXERCISE THE WITHDRAWAL RIGHT

In the event the Merger is approved by the extraordinary Shareholders' meeting called for 5 September 2018, at 11:00 a.m., on single call, the Shareholders of Beni Stabili that did not contribute to the approval of the Merger (*i.e.*, the Shareholders that did not participate in the general meeting or that voted against the proposed resolution, or abstained from voting) shall have the right to withdraw from the Transferor Company no later than 15 (*fifteen*) days from the registration of the minutes of the general meeting in the Register of Companies of Rome, pursuant to:

- (i) Article 2437, paragraph 1, letter (c) of the Italian Civil Code, considering that, as a consequence of the Merger, the Transferor Company's registered office is to be transferred outside Italy;
- (ii) Article 5 of Decree 108/2008, considering that the Transferee Company is subject

to the laws of a country other than Italy (*i.e.*, French law).

The effectiveness of a withdrawal and the relevant settlement procedure are subject to the satisfaction (or, to the extent permitted under applicable laws, to the waiver) of the conditions precedent indicated in Paragraph 1.1.4, letters from (a) to (c) above, being understood that the transfer of the withdrawing shareholders' shares will be carried on the date of payment of the Redemption Price (as defined below), in accordance with the modalities described below.

Pursuant to Article 2437-*bis* of the Italian Civil Code, the entitled shareholders may exercise their withdrawal right on a portion of or the entire shareholding, by sending a notification by registered letter with return receipt addressed to the registered office of Beni Stabili no later than the above term of 15 (*fifteen*) days from the date of registration in the Register of Companies of Rome of the resolution adopted by the extraordinary Shareholders' meeting. The notice regarding the registration of said resolution shall be published in compliance with Italian law, including publication in a national newspaper, and, in any event, shall be made available on the www.benistabili.it website, "*Governance – Documentation - Notices*" section and "*Investor Relations - Merger Project with Foncière des Régions*" section. That notice will contain greater details on the methods and conditions for exercising the withdrawal right by the entitled parties.

Without prejudice to the provisions of Article 127-*bis* of the Italian Legislative Decree no. 58 of 24 February 1998, shareholders that exercise their withdrawal right must have a specific communication sent from an authorized intermediary, certifying the uninterrupted ownership of the shares subject to withdrawal by the withdrawing party from before the start of the extraordinary Shareholders' meeting of Beni Stabili until the date of the notification in question.

The redemption price payable to shareholders, calculated in accordance with the criteria set out in Article 2437-*ter* of the Italian Civil Code, is EUR 0.7281 for each share of the Transferor Company in relation to which the withdrawal rights will be exercised (the "**Redemption Price**"). The Redemption Price is equivalent to the arithmetic average of the daily closing price (as calculated by Borsa Italiana S.p.A.) of the ordinary shares of the Transferor Company for the 6 (*six*)-month period prior to the date of the publication of the notice for convening the Shareholders' meeting of Beni Stabili. The Redemption Price will be received through the relevant depositaries of the withdrawing shareholders in accordance with the terms that will be communicated by the Issuer pursuant to the applicable laws and regulations.

Pursuant to article 2437-*quater* of the Italian Civil Code, the Beni Stabili shares on which the withdrawal right is exercised will be offered in priority (through an option or preemption right) (*opzione o prelazione*) to the other shareholders of the Transferor Company, proportionally to the number of shares held by each of them, as well as to the holders of Convertible Bonds based on the Exchange Ratio.

If the shareholders of Beni Stabili and/or the holders of Convertible Bonds, as the case may be, have not acquired (through an option or preemption right) (*opzione o prelazione*) all of the shares for which a withdrawal right has been exercised, Beni Stabili will be entitled, at its discretion, to offer to third parties in accordance with the applicable laws the remaining

unsold shares in relation to which a withdrawal right was exercised. In accordance with the applicable laws and regulations, Beni Stabili also reserved the right, at its discretion, to negotiate purchase commitments of the shares by third parties (including shareholders, banks or financial intermediaries), possibly also after completion of the settlement procedure for the shares of withdrawing shareholders, in any event prior to the Effective Date.

Any shares remaining unsold will be either purchased by Beni Stabili prior to the Effective Date (without prejudice to the possible subsequent sale of the shares prior to the Effective Date) and/or by the Transferee Company after the Effective Date in accordance with the law, in any case without prejudice to any third parties' purchase' commitments.

For the purposes of the above, it will also be proposed to the extraordinary Shareholders' meeting of Beni Stabili convened on 5 September 2018, as a resolution instrumental to the Transaction, to authorize, to the extent necessary, the Board of Directors to purchase as many Beni Stabili shares of shareholders who exercised a withdrawal right, for the Redemption Price, as it will be deemed necessary or appropriate to allow the successful completion of the settlement procedure provided under Article 2437-*quater* of the Italian Civile Code, granting also the powers to sell the purchased shares, in one or more tranches and without any time restriction, also before completion of the share purchases above, within the terms and with the modalities that will be decided by the Board, in any event as it will be deemed necessary or appropriate to allow the positive completion of the overall Transaction. For the sake of clarity, this authorisation would be without prejudice to the former authorisation for the purchase and sale of treasury shares which was granted by the Shareholders' meeting of Beni Stabili held on 12 April 2018.

Subject to the satisfaction (or the waiver, to the extent permitted under applicable laws) of the conditions precedent referred to in Paragraph 1.1.4, letters from (a) to (c) above, the cash liquidation of the Beni Stabili shares for which the withdrawal right is exercised will be carried out as follows:

- (i) if all of the shares are purchased (*a*) by other shareholders of Beni Stabili (other than the Transferee Company) and/or by holders of Convertible Bonds by exercising their option and/or pre-emption rights, and/or (*b*) by any third parties, then the Redemption Price shall be paid in favour of all the withdrawing shareholders within the Effective Date;
- (ii) otherwise, if a portion of the shares remains unsold after the offers in option and/or pre-emption and/or in favour of third parties, the Companies Participating in the Merger reserve the right, to the extent applicable, to provide that the Redemption Price is paid in favour of all withdrawing shareholders in two tranches, the first of which shall be paid before the Effective Date, while the second shall be paid after the Effective Date, in any case proportionally to the number of shares in relation to which the withdrawal right has been exercised, however without prejudice to any third parties' purchase commitments.

The terms and modalities of the offers, liquidation and distribution criteria will be set out in a notice, which will be published in compliance with applicable laws and regulations, including on the www.benistabili.it website, as well on an Italian national newspaper.

From the date of receipt of a withdrawal notice from shareholders of Beni Stabili in

accordance with article 2437-*bis* of the Italian Civil Code, those shareholders will not be entitled to exercise the economic rights relating to the shares for which the withdrawal has been exercised (including, for the avoidance of doubt, the right to dividends, interim dividends and distributions resolved and paid after the withdrawal).

11 IMPACT OF THE MERGER ON SHAREHOLDERS, CREDITORS AND EMPLOYEES OF BENI STABILI

11.1 Impact of the Merger on shareholders of Beni Stabili

With regard to the new shareholding structure of the Transferee Company following the Merger, see Paragraph 8 above, while with regard to the tax effects, see Paragraph 7 above.

The shareholders of Beni Stabili that did not contribute to the approval of the Merger (*i.e.*, the shareholders that did not participate in the general meeting or that voted against the proposed resolution, or abstained from voting) shall have the right to withdraw from the Transferor Company. See Paragraph 10 above.

With regard to the regime of rights of shareholders of a French company (*i.e.*, FdR), whose shares are listed on the Euronext Paris regulated market, see the table containing a summary comparing (*a*) the main rights currently due to the shareholders of Beni Stabili based on Italian law and the articles of association of the Transferor Company and (*b*) the rights that will be due to shareholders of the Transferee Company following the Transaction based on French law and the articles of association of the same, reported in the appendix to this report.

Also see the articles of association of the Transferee Company which will come into force on the Effective Date, which are attached to the Merger Plan as “*Schedule 3*”.

11.2 Impact of the Merger on creditors of Beni Stabili

Pursuant to Article 2503 of the Italian Civil Code, creditors of the Transferor Company (including holders of Convertible Bonds) may oppose the Merger within 60 (*sixty*) days following the last one of the registrations specified by Article 2502-*bis* of the Italian Civil Code.

Even in the event of opposition, if the competent Court deems the risk of harm to creditors unfounded or if the company issued a guarantee that can satisfy the claims of creditors, it may order the Merger to take place despite the opposition, pursuant to Article 2445 of the Italian Civil Code.

11.3 Impact of the Merger on employees of Beni Stabili

No material effects on the employees are expected by virtue of the Merger.

Since the Transferor Company and the Transferee Company are neither subject to rules concerning employee participation in the Member States where they have their registered offices respectively, nor operating under an employee participation system, the provisions of Article 133 of Directive (EU) 2017/1132 of the European Parliament and Council of 14 June 2017 relating to certain aspects of company law shall not apply. Likewise, conditions provided under Article 19 of the Decree 108/2008 in relation to participation of employees will not apply since Beni Stabili is not managed under the regime of participation of the employees.

The Companies Participating in the Merger will start the consultation and information procedure with the workers trade unions provided under Article 47 of Law no. 428/1990 under Italian law, that will be completed prior to the Effective Date.

As previously indicated, as per the Merger Plan, starting from the Effective Date the Transferee Company shall establish a Permanent Establishment in Italy, which will be assigned all the assets and liability items owned by Beni Stabili. The Permanent Establishment, which will benefit from the special regime envisaged in Italy for real estate investment companies (*Società di Investimento Immobiliare Quotate - SIIQ*), will continue to conduct, without interruption, using the employees currently in service at the Transferor Company, the same business conducted by the Transferor Company up to the Effective Date.

The employees of Beni Stabili will be granted the same economic and legal treatment applicable prior to the Merger, especially in relation to the length of their service.

PROPOSED RESOLUTION

Dear Shareholders,

Considering that set out and illustrated above, the Board of Directors submits the following proposed resolution for your approval:

“The extraordinary general meeting of shareholders of Beni Stabili S.p.A. SIIQ,

- *acknowledging the registration of the Plan for Merger by incorporation of Beni Stabili S.p.A. SIIQ into Foncière des Régions S.A. pursuant to Articles 2501-ter and 2501-septies of the Italian Civil Code, and that the other relevant filings have been fulfilled;*
- *having examined and discussed the Merger Plan and the Report of the Board of Directors of Beni Stabili prepared pursuant to Article 2501-quinquies of the Italian Civil Code, Article 8 of Legislative Decree no. 108/2008 and Article 70, paragraph 2 of CONSOB Regulation adopted with resolution no. 11971/99;*
- *acknowledging the balance sheet of Beni Stabili as at 30 June 2018 as the merger balance sheet pursuant to Article 2501-quater of the Italian Civil Code;*
- *acknowledging the report on the fairness of the exchange ratio drawn up pursuant to Article 2501-sexies of the Italian Civil and Article 9 of the Legislative Decree no. 108/2008 by EY S.p.A. as the independent expert designated by the Court of Rome;*

hereby resolves

1. *to approve the Merger Plan by incorporation of Beni Stabili S.p.A. SIIQ, with registered office in Via Piemonte no. 38, Rome, Italy, into Foncière des Régions S.A., with registered offices in 18 Avenue François Mitterrand, Metz (France), as registered in the Register of Companies of Rome on 26 July 2018 and published on the Company’s internet website;*

2. *to grant the Board of Directors and, for it the Chief Executive Officer, with full powers to sub-delegate and appoint special attorneys for single acts or categories of acts, all suitable powers to:*
 - (i) *implement the Merger and ensure the enforcement of the above resolution pursuant to law;*
 - (ii) *enter into and sign, also through special attorneys, the deed of merger and, in general, carry out or procure to be carried out any activity, including for correction and clarification, and sign or procure to be signed any document, pursuant to applicable law, to the extent deemed necessary or even only appropriate for the execution of the above resolutions and, more generally, the successful outcome of the transaction;*
3. *to the extent necessary, and without prejudice to the authorization to purchase and dispose of treasury shares granted by the Shareholders' meeting held on 12 April 2018, to authorize the Board of Directors and, for it, the Chief Executive Officer, to purchase Beni Stabili S.p.A. SIQ shares from shareholders who may have exercised the withdrawal right, at a price determined pursuant to Article 2437-ter of the Italian Civil Code, in an amount that will be deemed necessary or appropriate in order to allow the successful outcome of the liquidation procedure provided under Article 2437-quater of the Italian Civil Code, granting the power to dispose of such purchased shares, in one or more tranches, and without any time limitation and also before having terminated the purchases pursuant to the authorization herein granted, determining the relevant timelines and executive modalities of the relating transactions and in any case as may be deemed necessary or appropriate for the successful outcome of the transaction in its complexity;*
4. *to grant the Board of Directors and, for it the Chief Executive Officer, with full powers to sub-delegate and appoint special attorneys for single acts or categories of acts, all suitable powers to accept or include in the above resolutions any changes, additions or deletions, not of a substantial nature, that may be necessary, on request of the competent authorities or for the purpose of recording in the Register of Companies, as well as to carry out said filing and recording, pursuant to law, with an explicit advance declaration of approval and confirmation and to carry out all other actions that may be necessary to implement these resolutions?.*

Rome, 18 July 2018

For the Board of Directors of Beni Stabili

The Chairman
(*Ariberto Fassati*)

APPENDIX

Comparison of the rights to which Beni Stabili and FdR shareholders are entitled

The following table is for indicative purposes only and is not, nor shall it be intended as a complete and exhaustive description of all the rights that shareholders of a French company (including the Transferee Company) are entitled to exercise, or in any case that may be relevant for the purposes of the Shareholders' assessment and independent evaluations in relation to the Transaction described herein. Shareholders are advised to consult their legal advisors should they wish to further investigate any of the matters below.

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
|--|--|
| <i>Corporate Governance</i> | |
| The corporate bodies of Beni Stabili are the shareholders' general meeting, the board of directors and the board of statutory auditors. | The corporate bodies of the Transferee Company are the shareholders' meeting and the board of directors. For companies of the same type of the Transferee Company, the French laws do not contemplate a board of statutory auditors nor a similar supervisory body. |
| <i>Ordinary shareholders' meeting</i> | |
| Under Italian law and the articles of association of Beni Stabili, the ordinary shareholders' general meeting must be convened at least once a year, within 120 (<i>one hundred and twenty</i>) days from the end of the financial year. It may be convened within a longer time limit of 180 (<i>one hundred and eighty</i>) days, when the company is obliged to draft the consolidated financial statements, or when particular needs regarding the structure and purpose of the company require it; in the latter cases, the directors highlight the grounds for the delay in their management report. | According to French law, an ordinary shareholders' meeting must be held at least once a year, within six months from the end of the company's financial year. This deadline may be extended by court order. The ordinary shareholders' meeting adopts resolutions on all the decisions which do not fall under the competence of the extraordinary shareholders meeting, <i>i.e.</i> all the decisions that do not result in a modification of the articles of associations, including: |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>The ordinary general meeting:</p> <ul style="list-style-type: none"> - approves the financial statements; - appoints and dismisses the directors; - appoints the auditors and the Chairman of the board of auditors and, when envisaged, the person appointed to conduct the statutory audit; - calculates the fee for the directors and the auditors; - decides the responsibilities of the directors and the auditors; - takes decisions not only on the other items attributed by law to the competency of the shareholders' general meeting, but also on any authorisations required by the articles of association for the directors to fulfil formalities, without prejudice to the latter's liability for the actions taken; - approves any regulations for the work of the shareholders' general meeting. <p>The general meeting is chaired by the Chairman of the board of directors or, in his absence or impediment, by the Vice Chairman, if appointed or, in the absence of the latter, by the most senior director in age. In the event of their absence, a chairman is elected for the purpose from among the shareholders by the general meeting with the majority vote of those present.</p> <p>The meetings are held in single call. The resolutions are adopted</p> | <ul style="list-style-type: none"> - the appointment of directors; - the approval of the annual accounts, the allocation of profits and the distribution of dividends - the <i>ex ante</i> and <i>ex post</i> approval of the remuneration of executive corporate officers (say on pay) - the approval of related party transactions - the buy-back by the company of its own shares. <p>The chairman of the board of directors, or the vice-chairman in his absence, acts as chairman of the shareholders' meeting. In their absence, the duty is performed by a director specifically delegated to this effect by the board of directors. In the absence of such a director, the chairman is elected by the shareholders' meeting.</p> <p>The <i>quorum</i> for ordinary shareholders' meeting called pursuant to the first notice is only met if the shareholders present or represented hold at least 20% of the shares with voting rights. No quorum is required for an ordinary shareholders' meeting called pursuant to a second notice.</p> <p>Resolutions shall be adopted by a majority of the votes cast.</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
|---|---|
| by absolute majority, regardless of the part of the capital represented. | |
| <i>Extraordinary shareholders' meeting</i> | |
| <p>The extraordinary shareholders' meeting resolves on any amendments to the company's articles of association, including capital increases, the transfer of the registered office abroad, amendments to the corporate purpose and all the other items provided for according to Italian law, such as the liquidation or dissolution of the company, and including mergers and demergers.</p> <p>The extraordinary shareholders' general meetings are also held in single call.</p> <p>The extraordinary shareholders' general meeting is duly constituted, when it is represented by at least 1/5 (<i>one fifth</i>) of the share capital and resolves with a favourable vote of at least 2/3 (<i>two thirds</i>) of the share capital represented at the meeting.</p> | <p>The extraordinary shareholders' meeting has the power to amend the articles of association and thus adopts all resolutions relating, <i>inter alia</i>, to the change of corporate purpose, the change of name, the transfer of the registered office, the dissolution or prorogation of the company, any capital increase or reduction, changes in the rights to transfer shares or to their nominal value, or any changes to the rules regarding the distribution of profits.</p> <p>Other powers of the extraordinary shareholders' meeting include decisions regarding mergers, contributions in kind or spin-offs.</p> <p>The quorum for extraordinary shareholders' meetings is only met if the shareholders present or represented at a meeting called pursuant to the first notice hold at least 25% of the shares with voting rights, or at least 20% upon second notice.</p> <p>Resolutions shall be adopted through the favorable vote of shareholders representing at least 2/3 (<i>two-thirds</i>) of the share capital present at the meeting.</p> |
| <i>Attendance to the shareholders' meetings</i> | |
| Under Italian law and the articles of association of Beni Stabili, those individuals may intervene in the meeting, for whom the company has received the communication from the qualified | Under French law, only shareholders who can prove their status by the registration of their shares in their name or in the name of the intermediary registered on their behalf, on the second business |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>intermediary, who certifies, on the basis of the accounting results of the 7th (<i>seventh</i>) day of open trading prior to the date of the meeting (“<i>record date</i>”), the legal capacity of the individuals to take part in the general meeting and to exercise the right to vote. The aforementioned communication by the intermediary shall reach the company by the end of the 3rd (<i>third</i>) day of open trading prior to the date of the general meeting.</p> <p>The legal capacity to intervene and vote at the meeting remains without prejudice should the company receive the communication later than the above terms, provided it arrives by the time the work of the general meeting commences.</p> <p>Each shareholder can alternatively take part to the general meeting in person or by proxy. An intervention via post or via electronic means is not permitted.</p> | <p>day preceding the meeting at midnight (Paris time) are permitted to take part in the shareholders’ meeting.</p> <p>Each shareholder can take part in the shareholders’ meeting either (i) by personally attending, (ii) by attending the shareholders’ meeting through videoconference or by voting through electronic means, including via internet, when approved by the board of directors, (iii) by voting by post or by electronic means, or (iv) by giving a proxy to any legal entity or individual.</p> |
| <i>Voting rights</i> | |
| <p>The shares are registered and in dematerialised form.</p> <p>Each share gives the right to one vote.</p> <p>Beni Stabili has not issued any multiple vote or loyalty shares, or any preferred shares.</p> | <p>Each share entitles its holder to one vote. None of the Transferee Company’s shares have double voting rights and the Transferee Company has not issued any preferred shares.</p> |
| <i>Notice of call</i> | |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>Without prejudice to the powers to call a meeting, to which the board of auditors or two of its members are entitled and those envisaged by specific provisions of law, the Chairman of the board of directors, or whoever is standing in for him, calls the shareholders' meeting via a notice published in the Official Gazette of the Republic or in the daily newspaper "Il Sole 24 Ore" and on the company's website, as well as via the procedures envisaged by the CONSOB regulations.</p> <p>The notice of call is published within the 30th (thirtieth) day prior to the date of the general meeting, unless otherwise provided by law and by the applicable regulations.</p> <p>The notice of call shall include, among other things:</p> <ul style="list-style-type: none"> - an indication of the day, time and place of the meeting and the list of the items to be discussed; - a clear and precise description of the procedures to be followed in order to take part and vote in the meeting, according to the provisions of law; - the record date, specifying that those who only become shareholders after that cut-off date will not have the right to intervene and vote in the meeting; - the procedures and terms of availability of the entire text of the proposals for discussion, together with the illustrative reports and documents, which will be submitted at the meeting; - where relevant, the procedures and terms to present the slates | <p>Pursuant to French law, shareholders' meetings are convened by the board of directors, in case of default, by the auditors or any person legally authorized to do so.</p> <p>The preliminary notice of meeting (<i>avis de réunion</i>) must be published, in the "Bulletin des annonces légales obligatoires" (the "BALO") at least 35 (<i>thirty-five</i>) days prior to the date of the shareholders' meeting and on the company's website at least 21 (<i>twenty-one</i>) days prior to the date of the meeting.</p> <p>The preliminary notice of meeting shall contain, in particular, the following indications:</p> <ul style="list-style-type: none"> - name, corporate form, share capital, address of the company, number under which the company is registered; - agenda of the shareholders' meeting; - the meeting date, the meeting time and the meeting place; - the category of shareholders' meeting (ordinary, extraordinary or special); - draft resolutions (that will be presented during the meeting) - location and modalities to vote (including modalities to obtain a voting distance form); - notice to shareholders detailing procedures and deadlines to propose their resolutions and to submit written questions. <p>A second notice of meeting, which includes any resolutions submitted by shareholders and the recommendation of the board</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| to appoint the members of the board of directors and the minority member of the board of auditors. | of directors with respect to these resolutions, must be published at least 15 (<i>fifteen</i>) days prior to the date of the meeting (<i>avis de convocation</i>). This notice must be published in a journal authorized to publish legal announcements, in the BALO, and on the company's website. Shareholders holding their shares in the registered form (<i>au nominatif</i>) ⁽¹²⁾ must be informed of the shareholders' meeting by mail or electronic mail. Representatives of the workers' council, of the bondholders and others must also be informed individually |
| <i>Shareholders' rights to request changes to, or additions in the agenda and to submit questions before the shareholders' meeting</i> | |
| Under Italian law, the shareholders who, even jointly, represent at least 1/40 (<i>one fortieth</i>) of the share capital, can request to supplement the list of items for discussion within 10 (<i>ten</i>) days from the publication of the notice of call of the shareholders' general meeting (or within the shorter term provided by law). In their request, they must indicate their additional proposed items, or their proposals for discussion on items already on the agenda. Whoever is entitled to the right to vote can independently present proposals for discussion at the general meeting. A supplement to the agenda is not permitted for items proposed | One or more shareholders holding a certain fraction of the share capital (calculated according to a sliding percentage of 4% for the first €750,000 of the share capital, 2.5% for the portion of the share capital comprised between €750,000 and €7,500,000, 1% for the portion of the share capital comprised between €7,500,000 and €15,000,000 and 0.5% for the remainder of the share capital) can request the addition of certain points or resolution projects to the agenda, including the dismissal or appointment of directors, at the latest 25 days prior to the date of the shareholders' meeting, and not later than 20 days following the date of the notice of meeting. |

¹² Under French law, shares of a listed company may be held either in the bearer form (*au porteur*) or in the registered form (*au nominatif*). When shares are held in the bearer form, the name of the owner is not disclosed to the issuing company (most common way of holding shares in France). The articles of association may however provide that the issuer is entitled at any time to require from the Central Securities Depository (CSD - Euroclear France) the name, nationality, date of incorporation or birth and address of the holders of securities in bearer form. Euroclear France will then obtain the relevant information from such holders' custodian. When the shares are held in the registered form (*au nominatif*), the name of the shareholder appears in the books kept by the issuing company.

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>by the board of directors or on the basis of a project or a report it has proposed, on which the general meeting decides according to law.</p> <p>The shareholders requesting the supplement prepare a report giving the grounds for the proposals for discussion on the new items, which they propose to negotiate, or the grounds regarding additional proposals for discussion on items already on the agenda. The report is sent to the board of directors, which makes it available to the public, accompanied by any assessment.</p> <p>Whoever has the right to vote can ask questions on the items on the agenda, even prior to the meeting, within the terms indicated in the notice of call. A reply to the questions received prior to the meeting will be given at the same meeting at the latest. No reply is due, even during the meeting, to the questions asked prior to the meeting, when the information requested is already available in the “<i>questions and answers</i>” section on the company website or when the reply has already been published. A hard copy reply provided at the beginning of the general meeting to each of those with the right to vote is considered as having been given.</p> | <p>Shareholders can also, during the shareholders’ meeting, propose amendments to the draft resolutions submitted to them by the board of directors, including by proposing the appointment of a director in lieu of a candidate proposed by the board of directors.</p> <p>Shareholders may submit written questions in advance of the shareholders’ meeting. The board of directors shall answer to these questions during the shareholders meeting. Alternatively, the company is deemed to have addressed a question if the answer is posted on a dedicated section of its website.</p> |
| <p><i>Shareholders’ right to call a meeting</i></p> | |
| <p>Under Italian law, the directors must call the general meeting without delay, when the number of shareholders representing at least 1/20 (<i>one twentieth</i>) of the share capital requests it and their request indicates the items to be discussed.</p> <p>If the directors, or the auditors in their place, do not do so, the</p> | <p>Under French law, a shareholder has no direct right to call a shareholders’ meeting, except a new controlling shareholder following a public offer.</p> <p>Shareholders’ representing more than 5% of the company’s share capital may also request in court that a shareholders’ meeting be</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>court hears the members of the administrative and auditing bodies and, where the refusal to do so appears unjustified, decrees the call for the shareholders' general meeting and designates the chairperson.</p> <p>The call at the shareholders' request is not permitted for items proposed by the directors or on the basis of a project or a report they have proposed, on which the general meeting decides according to law.</p> | <p>convened. The court will however decide to convene the shareholders' meeting only to the extent that the request is made based on legitimate reasons in the corporate interest of the company and not in order to satisfy the sole interest of the shareholders requesting the meeting to be held.</p> |
| <p><i>Vote by proxy and proxy solicitation</i></p> | |
| <p>Under Italian law, whoever is entitled to the right to vote can be represented at the general meeting by someone else. Representation must be granted in writing and the company must keep the relevant documents.</p> <p>The law also regulates the solicitation of votes by proxy, that is to say the request to grant votes by proxy, made by more than 200 (<i>two hundred</i>) shareholders on specific proposals for a vote or accompanied by recommendations, declarations or other indications, which could influence the vote. The record owner makes the solicitation by completing a proxy statement and a proxy form.</p> <p>The vote regarding the shares, for which the proxy has been issued, is exercised by the record owner. Legislation also governs, among other things, the obligations of conduct of the record owner, the revocation of the proxy and the possibility to express</p> | <p>Under French law, any shareholder can issue a proxy in favour of another person or entity to vote on the shareholder's behalf at a certain meeting.</p> <p>Proxies can also be solicited and, in this case, any person soliciting proxies must publish its voting policy and any conflict of interest. A "policy for voting" (<i>politique de vote</i>) document must be published on the website of the person soliciting proxies and be available at the registered office or other indicated address. This document must be updated on a regular basis until the date of the meeting.</p> <p>Proxy forms must be in writing, signed and dated and do not necessarily impose voting instructions.</p> <p>Proxies can be revoked (except when otherwise provided) through the same form by which they are granted (written or electronic).</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| a vote that differs from that indicated in the instructions. | |
| <i>Amendments to the articles of association</i> | |
| <p>Amendments to the articles of association are the competency of the extraordinary shareholders' general meeting (<i>see</i> the previous section "<i>Extraordinary shareholders' meeting</i>").</p> | <p>Pursuant to French law, changes to the articles of association can be resolved by an extraordinary shareholders' meeting by a majority of 2/3 (<i>two thirds</i>).</p> <p>Some amendments require the unanimous agreement of shareholders, such as the transformation of the company into a company with unlimited liability or a change of nationality.</p> |
| <i>Preferential subscription rights</i> | |
| <p>Under Italian law, shareholders must be offered the option of newly issued shares in proportion to the number of shares they hold. If there are any convertible bonds, the holders of the latter, together with the shareholders, are entitled the right of option on the basis of the exchange ratio. The right of option is not due for newly issued shares which, according to the decision to increase the capital, must be paid by means of contributions in kind.</p> <p>Those who exercise the right of option, provided that they make a simultaneous request, have also a right of pre-emption to purchase the unexercised share options. The unexercised rights of option for the shares of Beni Stabili (as a listed company) must be offered on the regulated market by the directors on behalf of the company within one month following the expiry of the term for exercise of the options, for at least 5 (<i>five</i>) sessions, unless the</p> | <p>Pursuant to French law, if a company issues any shares or any securities granting rights to subscribe to new shares, the existing shareholders have preferential subscription rights to the newly issued shares on a pro rata basis.</p> <p>These preferential subscription rights also allow the shareholders to subscribe to any newly issued securities when the issuance of such securities might lead to an increase of the company's share capital.</p> <p>Preferential subscription rights are transferrable until the second business day prior to the end of the subscription period relating to a particular offering (or, if such day is not a trading day, (<i>i.e.</i> a date on which the Euronext Paris market is open), until the trading day immediately before).</p> <p>The extraordinary shareholders' meeting deciding or authorizing</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>rights of option have already been entirely sold.</p> <p>The extraordinary shareholders' meeting can decide to exclude or restrict the right of option under certain conditions.</p> | <p>the share capital increase or delegating this power to the board of directors can decide to cancel the preferential subscription right for all or part of the share capital increase. Shareholders may also waive their right to preferential subscription rights.</p> |
| <i>Approval of the financial statements</i> | |
| <p>Under Italian law and the articles of association of Beni Stabili, the extraordinary shareholders' general meeting must be convened at least once a year within 120 (<i>one hundred and twenty</i>) days from the end of the financial year to approve the financial statements for the financial year. It may be convened within a longer time limit of 180 (<i>one hundred and eighty</i>) days, when the company is obliged to draft the consolidated financial statements or when particular needs regarding the structure and purpose of the company require it; in the latter cases, the directors highlight the grounds for the delay in their management report.</p> | <p>According to French law, the annual financial statements of the Transferee Company (both stand alone and consolidated financial statements) must be approved by an ordinary shareholders' meeting to be held no later than 6 (<i>six</i>) months after the end of the company's financial year. This deadline may be extended by court order.</p> |
| <i>Dividends</i> | |
| <p>Under Italian law and the articles of association of Beni Stabili, the decision to distribute the profits is taken by the shareholders' general meeting which approves the financial statements. Payment of the dividends is made according to the terms and conditions decided by the general meeting which authorises the distribution of the profits to the shareholders.</p> | <p>The shareholders' meeting can resolve to distribute dividends from distributable profits (after all obligations to allocate such profits to reserves have been satisfied) or available reserves. The dividend must be paid at the latest 9 (<i>nine</i>) months after the end of the financial year or later if this deadline is extended by court order. Dividends are distributed in proportion of the shares held</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>Dividends on shares cannot be paid, other than for profits actually earned and resulting from the duly approved financial statements. If a loss in the share capital occurs, the profits cannot be distributed until the capital has been restored or reduced by a corresponding amount.</p> <p>Subject to compliance with certain terms and conditions, the board of directors can decide to make advance payments on the dividends during the financial year.</p> <p>Unclaimed dividends five years after they became due are subject to limitation due to the lapse of time in favour of the company and are placed directly into the reserve fund.</p> <p>The shareholders' general meeting can also approve the distribution of dividends in kind.</p> | <p>by each shareholder.</p> <p>No distribution can be made to the shareholders when the equity is inferior to the aggregate value of the share capital and the non-distributable reserves, or when they would become inferior to the share capital and reserves after such distribution.</p> <p>During the financial year, the payment of interim (advance) dividends (<i>acompte sur dividende</i>) may be declared by the board of directors (subject to conditions).</p> <p>Dividends not claimed within five years of the day on which they became payable must be paid to the French State pursuant to French law.</p> <p>No distributions can be made for treasury shares held by the Transferee Company.</p> <p>Under French law and pursuant to the articles of association of the Transferee Company, the shareholders' meeting may approve the distribution of dividends in cash or in the Transferee Company's shares, at the option of each shareholder.</p> <p>The Transferee Company is subject to the French SIIC regime pursuant to which it is exempt from French corporate income tax on (i) qualifying rental income, (ii) under certain conditions, dividends paid out of tax-exempt profits received from other SIICs, foreign SIIC-equivalents, certain French qualifying real estate undertakings for collective investment or SIIC subsidiaries, and (iii) capital gains realized on the disposal to an unrelated party of (x) real properties, (y) shares in partnerships (<i>sociétés de personnes</i>)</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| | having the same corporate purpose as SIICs and (z) shares in SIIC Subsidiaries. Among other conditions, this French corporate income tax exemption is subject to the distribution by the Transferee Company to its shareholders of at least (i) 95% of such qualifying rental income, (ii) 60% of such capital gains and (iii) 100% of such dividends. |
| <i>Rights in the case of liquidation</i> | |
| <p>The company is dissolved in the cases provided for by law, or when decided by the shareholders' general meeting.</p> <p>The extraordinary shareholders' general meeting specifically decides the number of liquidators and the rules for the board of auditors in the event the liquidators are more than one. It appoints the latter and decides their powers and fees, including the criteria the liquidation must follow.</p> | <p>When the term of the company expires or if the decision to dissolve the company is taken, the shareholders' meeting shall determine the liquidation procedures and shall appoint one or more liquidators whose powers it shall determine and who exercise their functions according to French law.</p> <p>After the external debt is paid and assets liquidated, the shareholders are entitled to receive their contribution and share any liquidation surpluses in proportion to their respective interests.</p> |
| <i>Right of withdrawal and liquidation procedure</i> | |
| <p>Under Italian law, the right of withdrawal for all or part of their shares is permitted to those shareholders who have not taken part in the resolutions regarding, among other things: (i) the amendment of the clause of the corporate purpose, when it permits a significant change in the corporate business (ii) the</p> | <p>There is no similar withdrawal right under French law.</p> <p>However, no decision increasing the shareholders' commitments can be taken without the unanimous consent of shareholders (such as the transformation of the company into a company with unlimited liability or a change of nationality).</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>transformation of the company; (iii) the transfer of the registered office abroad; (iv) the amendment of the criteria to calculate the value of the share in the event of withdrawal; (v) amendments of the articles of association regarding the rights to vote and participate. Shareholders, who have not taken part in the resolution to exclude the company from being listed in a regulated market, also have the right of withdrawal.</p> <p>The law regulates the procedures, terms and conditions to exercise the right of withdrawal, the criteria to calculate the value of the shares and the liquidation procedure.</p> | |
| <p><i>Right to inspect the shareholders' registers and company documentation</i></p> | |
| <p>Under Italian law, the shareholders have the right to examine the shareholders' book and the minutes of the shareholders' general meetings and to obtain extracts at their own expense.</p> <p>Without prejudice to the extraordinary and continual financial information the company is obliged to provide according to the special laws and regulations applicable to listed companies, before each general meeting the company publishes and makes available on its website the proposals for discussion, the illustrative reports by the board of directors and the additional documentation envisaged by the applicable legislation.</p> | <p>In accordance with French law, shareholders have a right to access the accounts, the minutes and attendance sheets of the shareholders' meetings of the three preceding fiscal years. These documents include the following:</p> <ul style="list-style-type: none"> - Annual accounts and consolidated accounts; - The list of directors; - The board of directors' and auditors' reports; - The draft resolutions and their explanatory notes; - The aggregate amount of remuneration paid to the ten best-paid persons; (employees, directors and/or executive officers); - The minutes of the shareholders' meetings and attendance |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| | <p>sheets.</p> <p>These documents can be inspected by the shareholders personally or via a representative, at any time at the registered office or at the place of administrative management. Shareholders can be assisted by an expert. They are allowed to make copies of these documents.</p> <p>Before each annual shareholders' meeting, each shareholder has the right to receive documents, including the annual accounts, the consolidated accounts, the list of shareholders holding shares in the registered form (<i>au nominatif</i>), the board of directors' reports, the motives for the proposed resolutions and, if applicable, information regarding the directors whose nomination is proposed, and a list of the related party agreements.</p> <p>The shareholders have the right to inspect certain documents at the registered office before each shareholders' meeting and, under certain conditions, can address questions to the board.</p> |
| <i>Purchase of treasury shares</i> | |
| <p>Under Italian law and without prejudice to the provisions of the Regulation (EU) No. 596/2014 of 16 April 2014 ("Market Abuse Regulation") and relevant laws of implementation, the purchase of its own shares is decided by the ordinary shareholders' general meeting. It decides on the authorisation to purchase the shares, and establishes the procedures, indicating the maximum number of shares to be purchased, the duration of no longer than 18 (<i>eighteen</i>) months for which authorisation has been granted, the</p> | <p>In accordance with French law and without prejudice to the provisions of the Regulation (EU) No. 596/2014 of 16 April 2014 ("Market Abuse Regulation") and relevant laws of implementation, the ordinary shareholders' meeting can authorize the board of directors to purchase shares representing up to 10% of the share capital. This authorization cannot exceed 18 months and must determine the maximum amount of shares to be issued and terms of such purchase.</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>minimum and maximum price.</p> <p>The company may only purchase its own shares within the limits of the profits which can be distributed and the available reserves, resulting from the last duly approved financial statement. Only fully paid up shares can be purchased. Furthermore, the nominal value of the shares purchased by Beni Stabili, as a listed company, cannot exceed one fifth of the share capital, taking into account for that purpose any shares held by subsidiary companies. As regards the aforementioned limits, the law envisages some exceptions.</p> <p>The ordinary shareholders' general meeting can also decide the disposal of the shares purchased and establish the relevant procedures. For this purpose, subsequent transactions of purchase and transfer within the limits of the law are envisaged.</p> <p>Provided that the company continues to own the treasury shares, the right to the profits and the right of option are attributed in proportion to the other shares. The right to vote is suspended. However, the treasury shares are, nevertheless, calculated in order to establish the <i>quorum</i> for the meetings.</p> | <p>The purchase of shares can be decided by the company to:</p> <ul style="list-style-type: none"> - enhance the liquidity of shares; - cancel the shares up to 10% (<i>ten per cent</i>) of the share capital over any period of 24 (<i>twenty four</i>) months; - deliver the shares upon the exercise of rights attached to securities granting access to the share capital of the company; - grant shares to employees or corporate officers; - deliver the shares in the context of an external growth transactions, merger, spin-off or contribution, it being specified that these shares cannot represent more than 5 % (<i>five per cent</i>) of the share capital. <p>Under the current authorization granted by the shareholders' meeting of the Transferee Company on April 19, 2018, the board of directors may not acquire shares at a price of more than EUR 105 per share (subject to adjustments upon certain transactions affecting the share capital of the Transferee Company).</p> <p>The Transferee Company cannot hold more than 10% (<i>ten per cent</i>) of its share capital as a result of the purchase of its own shares.</p> <p>Pursuant to French law, the voting right, right to receive dividends and preferential subscription rights attached to the treasury shares are suspended.</p> <p>Shares which are held in violation of the rules regarding repurchase of treasury shares must be transferred within a (<i>one</i>)</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| | year from their purchase, failing which they must be cancelled. The share capital reduction in case of cancellation of treasury shares is decided by the extraordinary shareholders' meeting, unless such power is delegated to the board of directors. |
| <i>Board of directors: appointment, dismissal and termination of office</i> | |
| <p>Beni Stabili is governed by a board of directors, consisting of no fewer than 5 (<i>five</i>) and no more than 15 (<i>fifteen</i>) members, as established by the shareholders' general meeting.</p> <p>The board of directors of Beni Stabili currently consists of 9 (<i>nine</i>) members in office.</p> <p>Under law and the regulations and the articles of association of Beni Stabili, the board of directors is appointed from the lists presented by the shareholders. All the directors but one are taken from the list with the largest number of votes expressed by the shareholders, whereas the remaining one is taken from the minority list, which received the largest number of votes, provided this is not connected in any way, not even indirectly, to the shareholders who presented or voted the list with the most votes. If only one list is presented, all the directors will be taken from said list.</p> <p>The shareholders who, alone or together with other shareholders hold a minimum percentage of share capital, can present the lists.</p> <p>At least one director, or 2 (<i>two</i>) if the board consists of more than 7 (<i>seven</i>) members, must possess the requisites of independence</p> | <p>The Transferee Company is governed by a board of directors composed by a number of members that varies from 3 (<i>three</i>) to 18 (<i>eighteen</i>) as determined by the shareholders' meeting.</p> <p>The current board of directors is composed of 15 (<i>fifteen</i>) members.</p> <p>In accordance with the articles of association of the Transferee Company, directors are appointed for a 4-year term. By way of exception, the shareholders' meeting may appoint or renew the appointment of directors for a 2-year term or a 3-year term so as to have a staggered renewal of directors. Directors can be re-elected indefinitely, to the extent that the limits regarding age are respected.</p> <p>In accordance with the articles of association of the Transferee Company, directors older than 75 (<i>seventy five</i>) years cannot represent more than 1/3 (<i>one third</i>) of the directors. If this threshold is exceeded and if no concerned director resigns within three months, the oldest director is deemed to have resigned from office.</p> <p>Directors are appointed by the ordinary shareholders' meeting,</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>established by law. The recommendations contained in the Corporate Governance Code, as followed by Beni Stabili, remain without prejudice.</p> <p>At least 1/3 (<i>one third</i>) of the directors must also belong to the least represented gender, as required by mandatory laws and regulations.</p> <p>The list voting procedure is applied only if the entire board of directors has to be renewed.</p> <p>If during the financial year one or more directorship become vacant, with the exception of the hypothesis of the termination of the majority of directors appointed by the shareholders' general meeting (in that event the term of office of the entire board is understood as being ended) the board proceeds to replace by co-opting an individual from the list, to which the director no longer in office belonged. If this proves impossible, it designates a candidate proposed by the shareholder, who had presented the list to which the director no longer in office belonged. Subsequently, the shareholders' general meeting will make the appointment according to the majorities envisaged by law and in compliance with the legislation in force on the subject. The directors appointed in this way will end their term of office at the same time as those already in office when they were appointed.</p> <p>The directors can be re-elected and dismissed by the general meeting at any time, without prejudice to the right of the director to compensation for damages if the dismissal is without just cause.</p> | <p>based on the draft resolutions submitted to them by the board of directors (or by other shareholders through proposals submitted in advance of the shareholders meeting or through proposed amendments to the resolutions at the shareholders meeting). The Italian list-based voting mechanism is not contemplated under French law.</p> <p>In accordance with French law, if employees of the group hold more than 3% (<i>three per cent</i>) of the share capital of company, the shareholders' meeting must appoint one or more directors elected amongst employee shareholders. In addition, if the company and its French subsidiaries have more than 1,000 (<i>one thousand</i>) employees, or if the company and its French and foreign subsidiaries have more than 5,000 (<i>five thousand</i>) employees, then the board of directors must comprise at least two directors representing the employees (to the extent that the board comprises more than 12 (<i>twelve</i>) directors).</p> <p>According to the AFEP Medef Code, to which the Transferee Company adheres, the independent directors should account for half the members of the board in companies without controlling shareholders. In controlled companies, independent directors should account for at least 1/3 (<i>one third</i>) of board members.</p> <p>The proportion of directors from each gender cannot be inferior to 40% (<i>forty per cent</i>).</p> <p>Directors can be removed at any time by decision of the ordinary shareholders' meeting, without notice or compensation, even if such removal is not on the shareholders' meetings' agenda.</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| | <p>Under French law, directors whose removal constitutes an abuse may seek indemnification with the competent court.</p> <p>Should directors die, resign or be removed, the board of directors can appoint substitutes for them, provided that they are ratified by the next shareholders' meeting, it being specified that any decisions taken remain valid even if there is no such ratification. The director appointed by the board of directors in such circumstances remains in office for the remaining term of office of his predecessor.</p> |
| <i>Board of directors - Competencies and duties</i> | |
| <p>Under the articles of association of Beni Stabili, the board is granted the widest powers for the ordinary and extraordinary management of the company, without any exception, and has the right to perform all the actions it considers appropriate to carry out and achieve the company purposes, excluding only those which the law strictly reserves for the general meeting of the shareholders.</p> <p>In addition to the mandatory items under the law, the board of directors of Beni Stabili is exclusively responsible for the decisions regarding:</p> <ul style="list-style-type: none"> - investments in assets, the joint value of which amounts to over EUR 100,000,000 (<i>one hundred million</i>); - loans or refinancing, the joint value of which amounts to over EUR 100,000,000 (<i>one hundred million</i>). | <p>Pursuant to French and law and to the articles of association of the Transferee Company, the board of directors determines the orientations of the company's activity and oversees their implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the corporate purpose, the board may deliberate and take decisions on any matter relating to the operations and business of the company. The board of directors can conduct any audits and investigations as it deems appropriate.</p> <p>Under French law, the board of directors is also vested with specific powers, including <i>inter alia</i> the convening of shareholders' meetings, the establishment of annual and consolidated accounts, the approval of management reports, the approval of related party transactions, appointment of substitute directors in case of vacancy (pending ratification by the next shareholders' meeting),</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>The board of directors is also competent to take decisions regarding the merger by incorporation of companies, in which Beni Stabili holds shares or units for at least 90% (<i>ninety per cent</i>) of the share capital, as well as resolutions to adjust the articles of association to comply with legislative provisions.</p> <p>The board of directors elects from among its members a Chairman, to be identified among the board members in the list which obtained the largest number of votes, and possibly a Vice Chairman to replace the Chairman in the event of his absence or impediment.</p> | <p>appointment of the chairman of the board, and the appointment of the CEO and, as the case may be, of one or several deputy CEOs.</p> |
| <p><i>Board of directors - Transactions involving a conflict of interest</i></p> | |
| <p>Under Italian law, the director must notify the other directors and the board of auditors of every interest which, on his/her own behalf or on that of third parties, he/she may have in a specific transaction of the company, specifying the nature, terms, origin and extent of that interest. If the person involved is the Chief Executive Officer, he/she must also abstain from taking part in the transaction and authorise the board of auditors to take his/her place.</p> <p>In the above cases, the resolution of the board of directors must adequately explain the reasons and convenience for the company of the transaction.</p> <p>In the event of non-compliance with the above or in the event of decisions by the board taken with the decisive vote of the director involved, should same decisions damage the company, they can</p> | <p>Pursuant to French law, directors and executive corporate officers (<i>i.e.</i> the CEO and, as the case may be, deputy CEOs) are not allowed to benefit from any loan from the company or overdraft facilities, on a current account or otherwise, or to obtain any pledge or security or guarantee from the company for any obligations they may contract to third parties.</p> <p>Transactions entered into between a French company and its directors or executive corporate officers (either directly or indirectly through companies owned by such directors or executive officer or companies in which they are corporate officers, board members or managers) or with certain other related parties (including shareholders holding more than 10% (<i>ten per cent</i>) of the voting rights of the company), are subject to the prior approval by the board of directors (except for transactions which</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>be disputed by the directors and by the board of auditors, except for limited exceptions.</p> <p>The director is liable not only for any damages arising to the company from his action or omission, but also for any damages arising to the company from the use for his own benefit or for that of third parties of data, information, or business opportunities learnt while in office.</p> <p>Under the articles of association of Beni Stabili, the board of directors, during its meetings and also via its Chairman, Chief Executive Officer or Executive Directors, where appointed, promptly reports at least every three months to the board of auditors - among others - on the transactions of potential conflict of interest and on those influenced by individuals, who may have roles in management and coordination.</p> <p>The provisions of the “<i>Procedure for the regulation of Related Party Transaction</i>”, approved by the board of directors of Beni Stabili in compliance with the regulations issued by CONSOB, remain without prejudice.</p> | <p>are entered into the ordinary course of business and at arms’ length). Any transaction concluded without the prior consent of the board of directors can be nullified if it causes a damage to the company, and the related party can be held liable.</p> <p>Such transaction shall also be submitted for ratification at the next annual shareholders meeting, based on a special report to be prepared by the statutory auditors. If the shareholders reject a resolution regarding a related party transaction, the transaction remains enforceable but detrimental consequences resulting from the transaction (if any) may be borne by the relevant interest party.</p> <p>If the interested party is a director or a shareholder, he/she/it shall not participate to the vote on the relevant transaction at the board level or at the shareholders’ meeting (as applicable).</p> <p>Related party transactions which have been entered into and approved in the course of previous financial years and which are still in effect must be re-examined annually by the board of directors.</p> <p>The internal rules of the board of directors of the Transferee Company also contain a specific procedure aimed at preventing conflicts of interest at board meetings where a potential investment project is presented (including when any member of the board of director, or any company in which such member is an employee, a director or an executive corporate officer, has competing or opposing interests with the company in respect of a specific investment project).</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <i>Committees within the board of directors</i> | |
| <p>Under the articles of association of Beni Stabili, the board can appoint an executive and investment committee from among its members, and decide the number of members, proxies, duration, rules of operation and powers. The Chairman, Vice Chairman, if appointed, and the executive director or directors, if appointed, take part by right in the executive and investment committee.</p> <p>According to the recommendations contained in the Corporate Governance Code, the board of Beni Stabili has currently established an appointment and remuneration committee and a risk and control committee.</p> | <p>Pursuant to the articles of association of the Transferee Company, the board of directors can create specialized committees, permanent or temporary, to examine questions that the board of directors or the chairman submits to them.</p> <p>The board currently has 3 (<i>three</i>) committees (i) an audit committee, (ii) a remunerations and nominations committee, and (iii) a strategic and investment committee.</p> |
| <i>Board of directors - Liability</i> | |
| <p>The directors must fulfil the duties imposed by law and by the articles of association with the due diligence required by the nature of their appointment and by their specific competencies. They are jointly liable towards the company for any damages arising from their failure to comply with such duties, unless they are attributed to the executive committee or functions actually attributed to one or more directors.</p> <p>In any event, the directors are jointly and severally liable if they become aware of any prejudicial facts and have not done all they could to prevent them from occurring or to eliminate them or to mitigate their harmful consequences.</p> | <p>Directors can be held liable for any violation of laws and regulations applicable to French companies, violations of the articles of association, or mismanagement.</p> <p>A director of the Transferee Company individually, or all directors jointly and severally, can be held liable for wrongful acts or negligence.</p> <p>Actions for damages against directors may be brought:</p> <ul style="list-style-type: none"> - on behalf of the company (by its legal representatives or by shareholders); - in exceptional circumstances, by a shareholder who has personally suffered a damage separate from that of the |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>The directors' liability for actions or omissions does not extend to the individual whose conduct is not negligent and who notified his/her disagreement without delay in the book of meetings and decisions of the board, and immediately notified in writing the Chairman of the board of auditors.</p> <p>The corporate action of responsibility against the directors can be promoted following a decision by the general meeting or by shareholders who represent at least 1/40 (<i>one fortieth</i>) of the share capital. The directors are also liable towards the corporate creditors for non-compliance with the obligations to maintain the corporate assets. The action can be proposed by the creditors when the corporate assets are insufficient to repay their credit.</p> <p>Each individual shareholder or third party directly harmed by the negligent or wilful actions of the directors retains the right to compensation for damages.</p> | <p>company;</p> <ul style="list-style-type: none"> - by a third party who suffers a damage due to the negligence of the directors. <p>Directors are only liable to third parties if they commit a fault severable from their duties, defined by case law as an intentional and particularly serious fault, incompatible with the normal course of a director's duties.</p> |
| <i>Mandatory public tender offers - Requirements</i> | |
| <p>Under Italian law, generally speaking, a public purchase offer is mandatory for whoever:</p> <ul style="list-style-type: none"> - following purchases or the increase in the rights to vote, holds a stake above the 30% (<i>thirty per cent</i>) threshold or holds over 30% (<i>thirty per cent</i>) of same rights; - in companies other than small and medium enterprises (SMEs), holds a stake following purchases above the 25% (<i>twenty-five per cent</i>) threshold in the absence of another shareholder who holds | <p>Pursuant to French law, as a general rule, mandatory tender offers must be filed by:</p> <ul style="list-style-type: none"> - any person who, comes to hold, directly or indirectly, acting alone or in concert with third parties, more than 30% (<i>thirty per cent</i>) of the share capital or voting rights of a French listed company; - any person, acting alone or in concert, holding directly or indirectly between 30 (<i>thirty per cent</i>) to 50% (<i>fifty per cent</i>) of the share capital or voting rights of a French listed company and |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>a higher stake;</p> <p>The offer is also mandatory following purchases above 5% (<i>five per cent</i>) or the increase in rights to vote of over 5% (<i>five per cent</i>) of same rights by whoever already holds a stake of over the 30% (thirty per cent) threshold, without holding the majority of the rights to vote in the ordinary shareholders' general meeting.</p> <p>The persons acting together, when they hold the rights to vote following purchases made even by one of them, or an increase, even in favour of only one of them, of the rights to vote, a stake or total rights to vote above the aforementioned percentages, are jointly liable for the above obligations.</p> <p>The special legislation applicable to Beni Stabile envisages specific exemptions under certain circumstances.</p> | <p>who increases this holding of 1% (<i>one per cent</i>) or more of the share capital or voting rights within 12 (<i>twelve</i>) months.</p> <p>Exemptions can be granted by the <i>Autorité des Marchés Financiers</i> in certain circumstances.</p> |
| <p><i>Communication of the relevant shareholdings</i></p> | |
| <p>Those holding stakes in the share capital of Beni Stabili notify the latter and CONSOB when they have reached or exceeded the 5%, 10%, 15%, 20%, 25%, 30%, 50%, 66.6% (periodic) and 90% thresholds, or when they reduce their stakes below the aforementioned thresholds, within 4 (<i>four</i>) days of trade on the stock exchange, commencing from the day on which the individual becomes aware of the suitable transaction to determine this obligation, regardless of the date of execution.</p> <p>For the purpose of the obligations of notification, stakes held indirectly, among other things, are also affected by the hypothesis</p> | <p>Any person, acting alone or in concert, directly and indirectly who crosses the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 33^{1/3}%, 50%, 66^{2/3}%, 90%, 95% of the share capital or the voting rights (either upwards or downwards) of the company must disclose this fact to the company and to the AMF no later than the 4^o (fourth) trading day following the day of such crossing. For the purpose of these declarations, certain shares or voting rights shall be aggregated with the shares directly held by the relevant person, such as shares held by a controlled entity, call options, equity swaps, certain cash settled derivatives, etc.</p> |

| Measures applicable to the shareholders of Beni Stabili | Measures applicable to the shareholders of the Transferee Company |
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| <p>in which an individual other than a shareholder is entitled to the right to vote, as well as the hypothesis of an increase in rights to vote and the possession of derivative financial instruments.</p> <p>When a stake equal to or above the 10%, 20% and 25% thresholds of the relevant capital is purchased, the individual making the notification must declare the objectives he/she intends to pursue over the next 6 (<i>six</i>) months.</p> <p>The articles of association of Beni Stabili do not envisage obligations of notification of major stakes other than those envisaged in the applicable provisions of law and regulations.</p> | <p>In addition, any person who crosses (directly or indirectly, alone or in concert) the thresholds of 10%, 15%, 20% and 25% of the share capital or the voting rights of the company must declare to the company and to the AMF its intentions over the next 6 months with regard to its shareholding in the company.</p> <p>In addition to the legal requirements, the articles of association of the Transferee Company also provide for disclosure to the Transferee Company when crossing (either upwards or downwards, alone or in concert) the threshold of 1% of the share capital or voting rights as well as any multiple thereof (e.g. 2%, 3%, 4%, etc.).</p> |