



BENI STABILI S.P.A. SIIQ

Illustrative report pertaining to point 2 of the agenda of the extraordinary Shareholders' meeting of Beni Stabili S.p.A. SIIQ of 12 April 2018 drafted by the Board of Directors pursuant to art. 125-ter of Legislative Decree n. 58 dated 24 February 1998 and art. 72 of the Regulation adopted under Consob Resolution n. 11971/99, and successive amendments.

2. Granting to the Board of Directors the authority to increase the equity capital, pursuant to art. 2443 of the Italian Civil Code, in one or more tranches, on a gratuitous basis and/or against payment, for a maximum amount not exceeding 25% of the nominal share capital of the Company by issuing new shares to offer assignees as an option. Resolutions pertaining thereto and resulting therefrom.

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Dear Shareholders,

this report (the “**Report**”) has been drafted by the Board of Directors of Beni Stabili S.p.A. SIIQ (“**Beni Stabili**” or the “**Company**”) pursuant to art. 125-ter of Legislative Decree N. 58 dated 24 February 1998, as amended and supplemented (the “**Consolidated Financial Act**” or “**CFA**”), and art. 72 of the Regulation adopted by Consob under Resolution N. 11971 dated 14 May 1999, as amended and added to thereafter (the “**Issuers’ Regulation**”), to explain the reasons grounding the proposal to give the Board of Directors a mandate to increase the equity capital, in one or more tranches, pursuant to art. 2443 of the Italian Civil Code (the “**Mandate**”), upon revocation of the authorization granted on 6 April 2017, expiring on 6 October 2018 (“**April 2017 Mandate**”), which has not been exercised by the Board of Directors.

We believe that the reasons behind April 2017 Mandate have not been changed, and we are hence asking you to grant to the Board of Directors a new authorization with the same terms and amounts indicated in April 2017 Mandate, as explained in more details hereinafter.

1. The Mandate, reasons and purpose of the capital increase

The Mandate we are asking you to give to the Board of Directors pertains the authorization to the Board of Directors – to be exercised by 18 months from the date of the pertinent resolution – to:

- (a) increase the equity capital on a gratuitous basis, pursuant to art. 2442 of the Italian Civil Code;
- (b) increase the equity capital, in one or more tranches, against payment, by issuing new shares to offer as options, pursuant to art. 2441, paragraph 1 of the Italian Civil Code;
- (c) by way of a combination of the possibilities set forth in points (a) and (b) here above.

We are proposing that the Mandate should be given for a maximum nominal amount of Euro 56,739,820 representing 25% of the Company’s share capital by issuing a maximum number of no. 567,398,200 shares to be offered to assignees as an option.

The Mandate - both in case of capital increases against payment and free share capital increases - is aimed at giving the Board of Directors a suitable instruments to carry out, quickly and in the most flexible way possible, share capital operations to promptly seize the opportunities that may come.

In particular, the Mandate - especially in case of capital increases against payment - would, in

fact, allow the Board to pursue the foregoing advantages in terms of flexibility and execution speed in order to seize, with suitable timing, the most favourable conditions for any future feasible extraordinary transactions, given the uncertainty and volatility that underpin financial markets. Given the foregoing, the Mandate has the additional advantage of giving the Board of Directors the authority to decide on the conditions of a capital raising (including the maximum number of shares to be issued and the issue price), with due regard to the prevailing market conditions when the operation is actually launched, in so doing reducing, among other things, the risk of market fluctuations between when the operation is announced and when the operation is started. Such fluctuations would occur if the decision was left until a shareholders' meeting is called.

The Mandate, in case of free share capital increases, would give the Board a suitable instrument, when so allowed by law, to carry out share capital operations without having to comply with the required terms and to incur in the costs otherwise needed for calling the Shareholders' meeting. The Mandate represents, henceforth, an instrument for the benefit of the shareholders of the Company and all other *stakeholders* (as it entails a restriction on available reserves) which may be used only in compliance with the conditions set forth by art. 2442 of the Italian Civil Code.

The Mandate would thus allow the Board to meet the Company's future needs by giving it the instruments for:

- (a) a free capital increase pursuant to art. 2442 of the Italian Civil Code;
- (b) a share capital increase by way of the issuance of shares to be offered to assignees, pursuant to art. 2441, paragraph 1 of the Italian Civil Code, which would allow the Company to swiftly find financial resources to support the Company's development or to meet financial needs that could arise when the Mandate is in force.

The illustrative documents regarding the resolutions to carry out a possible capital increase under the Mandate will be made available to the public in compliance with the law.

2. Term of the Mandate and exercising timeframe

We propose the shareholders' meeting to set forth that the Mandate may be exercised in one or more tranches by and no later than 18 months from the date of the pertinent resolution.

Without prejudice to the foregoing, the timeframe within which the Mandate can be exercised, pursuant to art. 2443 of the Italian Civil Code, and the terms of any issuance will be based on real opportunities arising, and will be notified to the market pursuant to the provisions of the law and regulations, as soon as the Board of Directors has assessed them.

3. Size of the Mandate

The capital increase shall not exceed a nominal amount of Euro 56,739,820 representing the 25% of the Company's share capital by means of issuance of a maximum amount of

567,398,200 shares to be offered to assignees as an option.

4. Criteria for setting the issue price

In case of issue against payment of new shares, these will be offered at the price that the Board of Directors decides on time by time (including any premium).

5. Guarantee and/or placement consortium

In exercising the Mandate, the Company's Board of Directors may assess whether to engage one or more financial institutions to set up a guarantee consortium for the capital increase, possibly even for single tranches thereof.

If such guarantee consortium is set up, the market will be informed, pursuant to the provisions of the law, when the Mandate is exercised.

6. Enjoyment date of the newly issued shares

The Board of Directors will decide when the newly issued shares arising out of any tranche of the capital increase can be enjoyed, it being understood that holders of the new shares will have the same rights as holders of the shares already on the market.

7. Financial information

On the 6 of February 2018, the Board of Directors of Beni Stabili approved the Company's draft balance sheet closing on 31 December 2017. For further information on the management results of Beni Stabili for financial year closing on 31 December 2017 and the foreseeable management developments, we refer you to Beni Stabili's balance sheet closing on 31 December 2017, which is available to the public at the Company's head office, on the website www.benistabili.it and by the other means provided by applicable law.

8. Economic and financial effects, effects on the unit value of the shares and dilution

The Company will provide the market with suitable information, in compliance with the law, on the economic and financial effects of any capital increase arising out of the execution of the Mandate, as well as the effects on the unit value of the shares and the dilution.

9. Amendments to article 5 of the Articles of Association

We hereby provide the amendments we propose making to article 5 of the Articles of Association.

Current Article

Amended Article

Article 5

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The equity capital is 226,959,280.30 euros (two hundred twenty-six million nine hundred and fifty-nine thousand two	The equity capital is 226,959,280.30 euros (two hundred twenty-six million nine hundred and fifty-nine thousand two hundred and eighty
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hundred and eighty point thirty) thus represented by 2,269,592,803 (two billion two hundred and sixty-nine million five hundred and ninety-two thousand eight hundred and three) shares with a nominal value of 0.10 (zero point ten) euros each.

The Extraordinary Shareholders' Meeting held on 22 May 2013 resolved to increase the share capital against cash contributions, in several tranches, with the exclusion of the option right of the existing shareholders pursuant to article 2441, paragraph 5, of the Italian Civil Code, for an aggregate face value of up to EUR 37,556,334.50 to be paid up in one or more tranches, through the issue of up to No. 375,563,345 ordinary shares of the Company, having the same features as those of the outstanding ordinary shares, solely and irrevocably reserved for the conversion of the notes issued on 17 January 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 November 2012) and on 14 March 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 4 March 2012), respectively; it is understood that the deadline for the subscription of the newly-issued shares is set at 10 January 2018 and that should the capital increase not be fully subscribed as at that date, such capital shall in any case be deemed to be increased by an amount equal to the subscriptions received by that date, and the Directors shall be explicitly authorised to issue the new shares as these are

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subscribed.

During the extraordinary shareholders' meeting 10 December 2015, the shareholders passed a resolution to increase the equity capital against payment in cash, without option rights, pursuant to art. 2441, paragraph 5 of the Italian Civil Code, by a total maximum nominal amount of 19,998,000.10 euros, even for a lower amount, - to be made in one or more tranches through the issuance of a maximum of 199,980,001 ordinary Company's shares having the same characteristics as the ordinary shares already on the market – irrevocably and exclusively destined to service the conversion of the bonds issued on 3 August 2015, it being understood that the last date to subscribe the new share issuance is set as 24 January 2021, and that, if, as at 24 January 2021, the capital increase has not been fully subscribed the capital will in any case be deemed to have increased by the same amount as the subscriptions made by such date, with specific authorisation for the directors to issue the new shares as and when they are subscribed.

~~During the extraordinary shareholders' meeting of 6 April 2017, the shareholders passed a resolution authorising the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the Company equity capital, in one or more tranches, on a gratuitous basis and/or against payment, by 18 months from the date of the pertinent resolution, for a~~

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During the extraordinary shareholders' meeting of 12 April 2018, the shareholders passed a resolution authorising the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the Company equity capital, for a maximum nominal amount of Euro 56,739,820, on a gratuitous basis pursuant to art. 2442 of the Italian Civil Code, and/or against payment, in one

~~maximum nominal amount of Euro 56,739,820 not exceeding 25% of the Company's share capital, by issuing a maximum number of no. 567,398,200 new shares to be offered to assignees as an option, pursuant to art. 2441, paragraph 1 of the Italian Civil Code.~~

~~In order to execute the foregoing Mandate, the Board of Directors will be given all such powers to set, for each tranche, the number, the unit issue price (including any premium) and enjoyment of the ordinary shares in compliance with the limits provided by the applicable provisions of the law, and the funds and reserves to be ascribed in case of free capital increase.~~

10. Right of withdrawal

The proposed amendment to the articles of association does not fall under the cases where the withdrawal rights provided for in the articles of association or in any other applicable provisions of law or regulations are applicable.

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In consideration of the foregoing, the Board of Directors hereby calls on you to approve the following resolution:

“The Shareholders of Beni Stabili S.p.A duly called to an extraordinary shareholders’ meeting; (i) having examined the Report pertaining the second point of the Agenda; (ii) having agreed on the reasons of the proposal herein described,

hereby

- revoke the share capital increase authorization granted to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, by the extraordinary Shareholders’ meeting of 6 April 2017;
- authorise the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the equity capital, for a maximum nominal amount of Euro 56,739,820, on a gratuitous basis pursuant to art. 2442 of the Italian Civil Code, and/or against payment, in one or more tranches, within 18 months from the date of the pertinent resolution by issuing a maximum number of no. 567,398,200 new shares to be offered

- to assignees as an option, pursuant to art. 2441, paragraph 1 of the Italian Civil Code and conditions set forth in the “Board of Directors’ illustrative report” and in the amendments to the articles of association in the point hereafter;
- consequently, amend paragraph 4 of art. 5 of the articles of association as follows:
“During the extraordinary shareholders’ meeting of 12 April 2018, the shareholders passed a resolution authorising the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the Company equity capital, for a maximum nominal amount of Euro 56,739,820, on a gratuitous basis pursuant to art. 2442 of the Italian Civil Code, and/or against payment, in one or more tranches, within 18 months from the date of the pertinent resolution by issuing a maximum number of no. 567,398,200 new shares to be offered to assignees as an option, pursuant to art. 2441, paragraph 1 of the Italian Civil Code In order to execute the foregoing Mandate, the Board of Directors will be given all such powers to set, for each tranche, the number, the unit issue price (including any premium) and enjoyment of the ordinary shares in compliance with the limits provided by the applicable provisions of the law, and the funds and reserves to be ascribed in case of free capital increase.”;
 - give the Board of Directors - and, in its behalf, the Chairman of the Board of Directors - and the Chief Executive Officer, separately and even by way of special attorneys appointed specifically for the purpose, all the necessary or opportune powers, without restrictions thereto, so that they can execute the foregoing resolutions and carry out the duties therein, and make all such non-substantial amendments, additions or cancellations to the shareholders’ resolutions, that any competent authority seeks or that are necessary to the recording process with the Companies’ Register, for and on behalf of the Company”.

Rome, 22 March 2018

For the Board of Directors
The Chairman
(Ariberto Fassati)