



BENI STABILI S.P.A. SIIQ

**BOARD OF DIRECTORS' ILLUSTRATIVE REPORT DRAWN UP PURSUANT TO ART. 125-
TER OF LEGISLATIVE DECREE N. 58 DATED 24 FEBRUARY 1998 AND ART. 73 OF THE
REGULATION ADOPTED UNDER CONSOB RESOLUTION N. 11971/99, AND SUCCESSIVE
AMENDMENTS, PERTAINING TO POINT N. 3 OF THE AGENDA OF THE ORDINARY
SHAREHOLDERS' MEETING OF BENI STABILI S.P.A. SIIQ CALLED FOR 6 APRIL 2017**

ILLUSTRATIVE REPORT PERTAINING POINT 3 OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

3. Proposal to authorize the purchase and sale of Company's shares pursuant to arts. 2357 and 2357-ter of the Italian Civil Code.

Resolutions pertaining thereto and resulting therefrom.

Dear Shareholders,

this report (the "**Report**") was approved by the Board of Directors of Beni Stabili S.p.A. SIIQ ("**Beni Stabili**" or the "**Company**") at the Board of Directors' Meeting held on 9 February 2017 and has been drafted in compliance with art. 125-*ter* of Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**" or "**CFA**") - and art. 73 of the Regulation adopted by Consob under Resolution No. 11971 of 14 May 1999 (the "**Issuers' Regulation**"), and in compliance with Model No. 4 in Schedule 3A of such Issuers' Regulation – to seek your approval, pursuant to arts. 2357 and 2357-*ter* of the Italian Civil Code and 132 of the CFA, to authorize the purchase and sale of a maximum number of Beni Stabili's ordinary shares representing no more than 10% of the Company's equity capital (*i.e.* as at the date of this Report 226,959,280 ordinary shares of Beni Stabili).

This Report sets out the reasons underlying the proposal for such authorisation as well as the terms and the means by which the Company intends to proceed with the purchase and sale of the Company's shares.

1. Reasons for seeking authorisation for the purchase and sale of Company's shares

The Authorisation for the purchase and sale of treasury shares subject of this proposal is necessary to allow your Company to:

- a) intervene - in compliance with applicable laws and regulations in force from time to time - even by way of brokers, to support the liquidity of Beni Stabili's shares and/or to stabilise

such shares when there are market fluctuations that reflect abnormal movements, including those tied to excessive volatility or scarce trading liquidity;

- b) set up a shares warehouse position in order to be able to sell, have available and/or use the Company's shares, in compliance with the Company's strategic guidelines, for extraordinary operations, including share swaps, assignments, trading or to service share capital operations or any other extraordinary company and/or financial transactions conducted in the interest of the Company and for which it is necessary or appropriate to proceed to swap or sell packets of shares, including to service the issuance of bond that can be converted into Company's shares, as well as to fulfil certain obligations arising out of any incentive plans, whether against payment or not, reserved for Beni Stabili's or the group's directors, employees or self-employed workers;
- c) fulfil the obligations arising out of debt instruments that can be converted into financial instruments;
- d) fulfil the obligations arising out of option plans on shares or other allocations of shares to employees or to the members of the Company's, or any other group's company, management or control boards;
- e) offer the shareholders an additional instrument to monetise their investment;

it being understood that if the reasons for such sale cease to exist the treasury shares purchased under this authorisation may be allocated for one of the abovementioned uses.

The Board of Directors believes it appropriate that the Company may eventually proceed to sell Company's shares that it has purchased to also allow it to seize any opportunities to maximise the value that may arise from market movements and, thus, also to be able to enter in trading transactions, without prejudice to its obligations to comply with due laws pertaining to market abuse.

We point out that the request for authorisation concerns the power of the Board of Directors to

carry out repeated and consecutive purchases and sales of (or other ways of disposing of) treasury shares, on a revolving basis, also for portions of the maximum amount of authorised transactions, so that at any time the number of shares in the purchase proposal, and that the Company has in its portfolio, does not exceed the 10% of the Company's equity capital, with due regard to the number of treasury shares that the Company and its subsidiaries already own.

2. Maximum number, category and nominal value of the shares to which the new authorisation applies

As at the date of this Report the Company's equity capital is Euro 287,922,232.60, Euro 226,959,280.30 of which is fully subscribed and paid up, and is represented by 2,269,592,803 ordinary shares with a nominal value of Euro 0.10 each.

As at the date of this Report, the Company owns a total of 961,000 proprietary shares in its portfolio, equal to 0.042% of the equity capital, which it purchased based on a previous authorisation issued by the shareholders' meeting. The Company's subsidiaries do not own any of Beni Stabili's ordinary shares.

The Board of Directors is seeking authorisation to purchase a number of the Company's shares, such that the Company will never own treasury shares exceeding 226,959,280, or any other number of shares whose nominal value represents no more than 10% of the equity capital, if the Board resolves on and conducts any capital increase and/or reduction during the time the authorisation sought in this Report is in full force and effect, with due regard also to the treasury shares already owned by the Company or its subsidiaries.

3. Useful information to assess due compliance with the provisions of art. 2357, paragraphs 1 and 3 of the Italian Civil Code

The purchase authorisation complies with the restrictions set forth in art. 2357, paragraph 3 of the Italian Civil Code since such authorization concerns a number of Beni Stabili's shares whose nominal value, with due regard to the Company's shares that the Company or its subsidiaries

already own, may not exceed 10% of the equity capital.

We remind you that pursuant to art. 2357, paragraph 1 of the Italian Civil Code, a company may only purchase its shares up to the amount of its distributable profit and the available reserves disclosed in the most recently approved balance sheet.

To this purpose, we suggest reference to be made to the draft balance sheet closing on 31 December 2016 which shows available reserves, on the assumption that it will be approved by the shareholders' meeting as proposed by the Board of Directors.

We point out that the Board of Directors is required to ensure that the Company complies with the provisions of art. 2357, paragraphs 1 and 3 of the Italian Civil Code - pertaining to the purchase of treasury shares - whenever it proceeds to purchase such shares in compliance with the purchase authorisation.

We also point out that, pursuant to art. 2357-ter, paragraph 3 of the Italian Civil Code, the purchase of treasury shares implies a reduction in the net capital of the same amount by recording such amount with a negative sign under a specific item in the liabilities side of the balance sheet.

4. Term of the authorisation being sought

The authorisation to purchase Company's shares covered by the proposal to the shareholders' meeting is for the maximum term allowed under art. 2357, paragraph 2 of the Italian Civil Code, thus for 18 months starting from the date this resolution proposal is approved by the shareholders' meeting. The Board of Directors may proceed to make such authorised purchases in one or more tranches and at any time, for an amount and time freely determined by the Board of Directors in compliance with applicable laws.

Authorisation to sell the treasury shares that are already in the Company's portfolio, and those that may be purchased, is being sought without any time restraints since there are no legal restrictions on the matter and since there is a need to have the widest possible flexibility, even as regards timing, to sell such shares.

5. Maximum and Minimum consideration

The Board of Directors proposes that the unit price for the purchase of the Company's shares shall be determined by the Board of Directors for each transaction from time to time, it being understood that such purchases shall be made at a price that shall not be more than 20% above or below the average of the market prices of the Beni Stabili's shares registered on the stock exchange during the 3 consecutive trading days before each purchase transaction is made and in any case at a price not exceeding 0,70 per share.

As far as the sale of Company's shares is concerned, such sale shall be made at a price set, time by time, by the Board of Directors based on objective parameters, which may possibly be confirmed by estimates and reports conducted by independent third parties, as regards share swaps or extraordinary transactions on the Company's equity capital, with due regard to the concrete means by which such sales are made, to the trend of the share price in the period before the transaction and to the Company's best interests.

6. Methods for purchasing and selling the Company shares

The Company's shares will be purchased, in one or more tranches, in compliance with the provisions of the laws and regulations, including at a European level, in force from time to time and in accordance with any of the methods permitted by current regulations, which shall be determined at the discretion of the Board of Directors from time to time, including, without restrictions, methods which are in compliance with the provisions of art. 132 of the "CFA", of art. 144-*bis* of the Issuers' Regulation, of Regulation (UE) 596/2014 and of Commission Delegated Regulation (UE) 2016/1052 as well as the market practices currently in force *pro tempore*.

The sale of Company's shares may also be carried out before all the share purchases set forth in the authorisation of the shareholders' meeting being sought herein have been exhausted. Such sales will take place in compliance with the methods set forth by the Board of Directors time by time, for example by trading such shares on the stock market or on the block market, by public

offerings, or as consideration against the purchase of stakes in other companies, of goods or business complexes, as well as for other extraordinary financial transactions that require Company's shares to be assigned. As mentioned above, the Board of Directors is also seeking authorisation to carry out consecutive purchases and sales in the context of the trading's activity, without prejudice to its obligations to comply with due laws pertaining to market abuse.

Lastly, we point out that, pursuant to the exemption set forth in art. 132, paragraph 3 of the CFA, the abovementioned operating rules will not apply to the purchase of Company's shares owned by the employees of the Company, by its subsidiaries or by the parent company, that have been allocated or subscribed to pursuant to arts. 2349 and 2441, paragraph 8 of the Italian Civil Code, or that have been recovered from compensation plans approved pursuant to art. 114-*bis* of the CFA.

7. Useful information when purchase transactions are conducted to reduce equity capital by cancelling purchased Company's shares

We confirm that share purchase transactions will not be conducted in order to reduce the Company's equity capital by way of cancelling the purchased treasury shares.

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As such, if you agree with our proposal we call on you to pass the following resolution:

"the Shareholders,

- having examined the Board of Directors' explanatory report and taken note of the content therein;
- having taken note that, as at today's date, the Company directly owns a total number of 961,000 Company shares, equal to 0.042% of the equity capital, and does not own any Company's share through its subsidiaries; and
- having regard to the draft balance sheet closing on 31 December 2016,

hereby

- 1) authorise the Board of Directors, pursuant to and in accordance with art. 2357 of the Italian Civil Code, to purchase, in one or more tranches, within 18 months of the date of this resolution, a maximum of 226,959,280 ordinary shares, or any other number provided that it does not represent more than 10% of the Company's equity capital, with due regard to the number of Company's shares that the Company and its subsidiaries already own, to be used for the purposes set forth by the Board of Directors' report, at the following terms and conditions:
 - the purchases may take place in compliance with pertinent laws and regulations on the matter, including at a European level, in force from time to time and in accordance with any of the methods permitted by current regulations, which shall be determined at the discretion of the Board of Directors from time to time, including, without restrictions, methods which are in compliance with the provisions of art. 132 of the CFA, of art. 144-*bis* of the Issuers' Regulation, of Regulation (UE) 596/2014 and of Commission Delegated Regulation (UE) 2016/1052 as well as the market practices currently in force *pro tempore*;
 - the purchases must be made at a price that shall not be more than 20% above or below the average of the market prices of the Beni Stabili's shares registered on the stock exchange during the 3 consecutive trading days before each purchase transaction is made and in any case at a price not exceeding 0,70 per share.
- 2) authorise, pursuant to and in accordance with art. 2357-*ter* of the Italian Civil Code, the Board of Directors to sell – in one or more tranches and without any time restraints and even before exhausting the purchases pursuant to the purchase authorisation granted herein, setting the executing timeframes and methods for the relating transactions – the Company's shares owned by the Company, it being understood that such sales may take place (i) by selling such shares, including by trading of shares, on the stock market or on

the block market, (ii) by transfer to the Company's and/or its subsidiaries and/or its parent company's directors, employees and/or self-employed workers in order to enact incentive plans, (iii) by way of other disposals in the context of transactions where it is opportune to exchange or sell packets of shares, including stock swaps or allocations, or, lastly, (iv) for capital transactions that require the allocation or sale of Company's shares (like, as a mere example, mergers, demergers, issuance of convertible bonds or warrants that are serviced by such Company's shares);

- 3) authorise the Board of Directors to set the criteria to be used to establish, time by time, the consideration for the sale, disposal and/or use and/or methods, terms and conditions of use of all the Company's shares in the Company's portfolio, with due regard to the concrete ways such sales are made, to the trend of the share price in the period before the relevant transaction and to the Company's best interests;
- 4) give the Chairman of the Board of Directors and the Chief Executive Officer all the necessary powers - even separately and including the power to sub-delegate - so that they can execute this resolution and even make to this resolution all such changes and additions that may be required by pertinent authorities, and provide, in general, everything that is necessary for this resolution to be fully fulfilled, and to fulfil the associated legal requirements, along with all such powers that may be necessary, useful or opportune, including the power to engage professional brokers, pursuant to the provisions of the law, as well as the authority to appoint special attorneys, all of which shall be conducted in compliance with the terms and the ways, including operating methods, set forth by applicable laws and regulations."

Rome, 15 March 2017

For the Board of Directors
The Chairman of the Board of Directors
Enrico Laghi