# BENI STABILI S.p.A. SIIQ

**ILLUSTRATIVE REPORT PREPARED BY THE BOARD OF DIRECTORS ON THE ITEM ON THE AGENDA OF THE EXTRAORDNARY MEETING OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF BENI STABILI S.P.A. SIIQ OF 15 APRIL 2014, PURSUANT TO ART. 125-*TER* OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, TO ART. 2441, PARAGRAPH 6, OF THE ITALIAN CIVIL CODE AND TO ART. 72 OF THE CONSOB RESOLUTION NO. 11971/1999.**

## AGENDA

Ordinary part

1. Financial statements as at 31 December 2013 and related Management Report. Board of Statutory Auditors Report on the period ended 31 December 2013. Dividend distribution to shareholders.

   Pertinent and consequent resolutions.

2. Examination of the first part of the Remuneration Report.

   Pertinent and consequent resolutions.

Extraordinary meeting

1. Share capital increase upon payment and in tranches, for the exclusive purpose of the conversion of the equity linked bond loan, for a total amount equal to 270 million of Euro, with maturity on 17 April 2019, reserved to qualified investors, with the exclusion of any option as per art. 2441, paragraph 5, of the Italian Civil Code, for a total nominal amount of up to € 40,964,952.20, via the issue of up to no. 409,649,522 ordinary shares of a nominal value of € 0.10 each.

   Modification of Article 5 of the Articles of Association.

   Pertinent and consequent resolutions.

**ILLUSTRATIVE REPORT ON THE ITEM ON THE AGENDA OF THE EXTRAORDINARY MEETING**

**1. Share capital increase upon payment and in tranches, for the exclusive purpose of the conversion of the equity linked bond loan, for a total amount equal to 270 million of Euro, with maturity on 17 April 2019, reserved to qualified investors, with the exclusion of any option as per art. 2441, paragraph 5, of the Italian Civil Code, for a total nominal amount of up to € 40,964,952.20, via the issue of up to no. 409,649,522 ordinary shares of a nominal value of € 0.10 each.**

**Modification of Article 5 of the Articles of Association.**

**Pertinent and consequent resolutions.**

Dear Shareholders,

This report (the "**Report**") is aimed at illustrating to the Extraordinary Shareholders' Meeting of Beni Stabili S.p.A. SIIQ ("**Beni Stabili**" or the "**Company**") the proposed share capital increase in cash, which may also be completed in tranches, excluding the pre-emptive 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 40,964,952.20 to be paid up in one or more tranches through the issue of up to No. 409,649,522 ordinary shares of the Company having the same features as those of the outstanding ordinary shares (the "**Capital Increase**").

The proposed Capital Increase is aimed at granting the right to convert into Company's newly-issued ordinary shares the notes issued on 17 October 2013 for a face value of EUR 270,000,000.00 in the context of an equity-linked bond called "€ 270,000,000 2.625% Convertible Bond due 2019" (the "**Notes**").

The relevant bond is identified as the "**Bond**". See paragraph 2 below for details of the features of the Bond and of the Notes.

## 1. THE ISSUE OF THE BOND

On 7 October 2013, by a deed drawn up by Notary public Livio Colizzi from Rome, Ref. No. 41.011, File No. 14.640, the Board of Directors resolved to issue - pursuant to articles 2410 *et seqq*. of the Italian Civil Code - the equity-linked Bond called "€ 270,000,000 2.625% Convertible Bond due 2019".

## 2. FEATURES, REASONS AND USE OF THE PROCEEDS OF THE CAPITAL INCREASE

### 2.1 Recital - The Bond

The issue of the Bond and the conversion of the Notes into bonds convertible into ordinary shares of the Company following the approval of the Capital Increase by the Extraordinary Shareholders' Meeting represent a single transaction aimed at allowing the Company to collect non-banking funds from the capital market in a short time, so as to make the financial structure and the cost of capital of the Company more efficient and to enable the Company to prepay part of the outstanding notes of the EUR 225,000,000 3.875% Convertible Bond due 2015 (ISINXS0503773698) (the "**Outstanding Notes**"), repurchased through a reverse book-building process, announced on 8 October 2013 together with the issue of the Bond, and pay, at maturity, the residual Outstanding Notes.

The Bond has the following features:

- Aggregate amount: EUR 270,000,000.00;
- Denomination: EUR;
- Unit denomination: EUR 100,000.00 and multiples thereof;
- Type of notes: registered notes;
- Due date: 17 April 2019, i.e. 5 years and 6 months after the date of issue;

- Conversion right: after and subject to the Extraordinary Shareholders' Meeting of the Company approving a capital increase to service the conversion of the Notes the Company will deliver to the noteholders the Physical Settlement Notice, whereby the noteholders will be entitled to convert their Notes into newly-issued shares of the Company as of the date indicated in the notice. If the Extraordinary Shareholders' Meeting of the Company does not approve the capital increase, and the Physical Settlement Notice is not sent by the Long Stop Date of 31 May 2014, each noteholder will be entitled to request the cash settlement of its Notes or the Company will be entitled to prepay all the issued Notes for an amount to be calculated pursuant to the terms and conditions of the Bond.

  In addition, the Company will be entitled to cash settle all the Notes for which the conversion right is exercised, paying the relevant noteholder the Cash Alternative Amount (calculated pursuant to the terms and conditions of the Bond) with respect to all or part - at the Company's discretion - of the shares to which the noteholder is entitled as a consequence of the exercise of the conversion right.

  The initial conversion ratio shall be determined according to the initial conversion price of EUR 0.6591;
- Repayment terms: on the due date, with the exception of the prepayment or of the exercise of the Notes conversion right by the relevant noteholders;
- Prepayment: the Company will be entitled to prepay the entire amount of the Notes in the cases provided for in the terms and conditions of the Bond, in line with market practice, including (i) if, by the Long Stop Date of 31 May 2014, the Capital Increase to service the conversion is not approved and the Physical Settlement Notice is not delivered, (ii) if the conversion rights or the prepayment rights are exercised for at least 85 per cent of the original principal amount of the bond, and (iii) starting from the 15th

day after the third anniversary of the issue of the Notes (which took place on 17 October 2013), if the trading price of the Company's ordinary shares exceeds a certain threshold pursuant to the provisions of the terms and conditions of the Bond.

Each noteholder will be entitled to request the cash settlement of its Notes if the Extraordinary Shareholders' Meeting of the Company does not approve the capital increase, and the Physical Settlement Notice is not sent by the Long Stop Date of 31 May 2014.

Finally, each noteholder will be entitled to request the cash settlement of its Notes, as provided for in the terms and conditions of the Bond, in the event of a change of control over the Company;

- Conversion price: EUR 0.6591 per share, subject to adjustments in certain cases provided for in the terms and conditions of the Bond, in line with market practice;
- Recipients: only qualified investors pursuant to article 34/3, paragraph 1, letter (b), of the CONSOB Regulation adopted by resolution No. 11971 dated 14 May 1999, as subsequently amended, excluding any offering to the public and, in any case, any offering or selling in the United States of America, Canada, Japan and in any other country in which the offer or sale of the Notes is not allowed pursuant to the applicable laws;
- Issue price: 100 per cent of the face value;
- Interest rate: fixed interest rate equal to 2.625 per cent per year;
- Coupon: semi-annual (payable on 17 April and 17 October of each year);
- Applicable law: English law, with the exception of the noteholders' meetings, which shall be governed by Italian law; moreover, the English law shall be applied to the extent that it does not conflict with Italian law;
- Listing: the Notes were listed on the Official List of the Luxembourg Stock Exchange and

admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange on 18 December 2013;

- Global Coordinator: Mediobanca - Banca di Credito Finanziario S.p.A.;
- Joint Bookrunners: Banca IMI S.p.A., BNP Paribas, Bank of America Merrill and Lynch and Mediobanca - Banca di Credito Finanziario S.p.A..

Following the admission to listing on a multilateral trading system, pursuant to article 2412, paragraph 5, of the Italian Civil Code, the issue limits provided for by such article shall not apply. In any case, should such limits apply for any reason whatsoever, the Bond, added to the outstanding convertible notes issued in the past, is below the threshold provided for by article 2412, paragraph 1, of the Italian Civil Code, taking also into account the partial prepayment of the Outstanding Notes and any guarantees given by the Company over loans of other companies.

## 2.2 The Capital Increase for the purposes of the conversion of the Bond

### *2.2.1 Features and purposes of the proposed Capital Increase*

Preliminarily, we hereby confirm that all the shares previously issued have been paid up pursuant to article 2438, paragraph 1, of the Italian Civil Code and that all the contributions previously due pursuant to article 2481, paragraph 2, of the Italian Civil Code have been completed.

The Capital Increase is part of a broader transaction that includes the issue of the Notes reserved to institutional Italian and foreign investors and is aimed at the conversion of the Notes into ordinary shares of the Company.

### *2.2.2 Reasons for the exclusion of the pre-emptive right*

As outlined above, the issue of the Bond, the Capital Increase and the conversion of the

Notes into notes convertible into ordinary shares form a single transaction aimed at collecting funds from the non-banking capital market within a short time and at a limited cost. This requires the resolution upon a capital increase for the purpose of the conversion of the Notes, excluding the pre-emptive right of the existing shareholders. The Board of Directors believes that this transaction is fully consistent with the Company's interests for the following reasons:

a. the choice to reserve the subscription of the convertible Bond to qualified investors only, thus excluding the pre-emptive right of the existing shareholders, is linked with the features of the issued, equity-linked, Notes, which have a high level of complexity and sophistication and require a EUR 100,000.00 minimum investment.

   The proposed securities have features that, in the current market conditions, generally meet with the full approval of qualified investors.

   These features make this type of securities an effective instrument of collecting non-banking financial resources at favourable terms and conditions, which are well suited for the current needs of the Company;

b. furthermore, the exclusion of the pre-emptive right of the existing shareholders promotes the successful outcome of the transaction within a short time, excluding the procedure required for offering the Notes to the public, which would involve more burdensome corporate formalities, longer execution times and higher costs;

c. because of the conversion of the Bond from an equity-linked bond into a convertible bond, the noteholders will lose the right to request the prepayment of the Notes, which will stabilise the acquisition of the funds collected through the Bond;

d. finally, the conversion of the Notes into shares, if any, would enable the Company (i) to strengthen its equity structure and diversify its financial structure, while limiting the related cash disbursement concerning the financial charges and the principal falling due, and (ii) to enlarge and stabilise its shareholding structure.

*2.2.3 Terms and conditions for the conversion of the Bond into share capital*

The conversion price, equal to the issue price of the new shares arising from the Capital Increase, is EUR 0.6591 per share, subject to possible adjustments as described below.

The conversion price shall be composed of the face value of the shares being subscribed for and, for the remaining part, equal to EUR 0.5591, of share premium.

The number of shares for the purpose of the conversion shall be determined by dividing the principal amount of the Notes, in relation to which the conversion right is to be exercised, by the conversion price (as adjusted at the relevant conversion date, if applicable) rounding it down to the closest whole number of ordinary shares. No fractions of shares shall be issued or delivered and no cash payment or adjustment shall be made to replace such fractions.

Based upon the above-mentioned parameters, subject to the approval by the Extraordinary Shareholders' Meeting, the initial conversion ratio shall be No. 151,722 shares for each Note having a face value of EUR 100,000.00.

The terms and conditions of the Bond provide that the initial conversion price may be subject to adjustments in line with the existing market practice for this type of debt instrument upon the occurrence of the following events, among other things: grouping or splitting of shares, free capital increase through the allocation of profits or reserves to capital, dividend distribution, issue of shares or of financial instruments reserved for the existing shareholders or allocation of pre-emptive rights, warrants or other rights to subscribe/purchase shares or securities reserved to the shareholders, issue of securities convertible into or exchangeable for shares, amendment to the conversion/exchange rights connected with other securities.

The Notes provide investors with protection in relation to the future dividends to be paid by the Company. Specifically, should the Company elect to distribute dividends during the term of the Bond above a pre-determined threshold of EUR 0.022 per share per year, the price for the conversion of the Notes shall be adjusted based upon the formulae provided for by the terms and conditions of the Bond, to compensate the noteholders for the amount of the dividends distributed.

Please note that, in any case, even after the resolution on the Capital Increase, the Company shall have total discretion as to whether converting the Notes into newly-issued shares, at the noteholders' request, or paying the latter an amount of money, or delivering to the latter, upon request of conversion, a combination of shares and cash.

## 3. ANALYSIS OF THE BREAKDOWN OF THE NET FINANCIAL INDEBTEDNESS

The financial funds raised through the issue of the Notes to which the Capital Increase is to be applied to achieve the goals described in paragraph 1 above are also to be applied towards the change in the structure of the financial indebtedness of the Company.

The table below, which shows the breakdown of the short-term and the medium-long term net financial indebtedness of the Company and of the Group extracted from the draft financial statements as at and for the year ended 31 December 2013, approved by the Board of Directors on 14 February 2014, which considers the issue of the Notes, compared with the corresponding data extracted from the half-year financial report of the Company and of the Group as at and for the period ended 30 June 2013, preceding the issue of the Bond.

Please note that the data below is merely indicative as it is based upon figures that may have varied considerably as at the date of repayment of the Notes. Therefore, please do not consider this example as a representation of the actual impact that the transaction will have on the assets and liabilities and the economic situation of the Company and of the Group.

| BENI STABILI GROUP | Financial Debts | Financial Debts |
|---|---|---|
| Amounts in € thousands | **31.12.2013** | **30.06.2013** |
| | **Face value** | **Face value** |
| Loans and other short-term debt | 80,102.00 | 86,384.00 |
| Mortgage loans, other loans and facilities | 1,205,729.85 | 1,307,393.99 |
| Debt securities | 475,891.27 | 494,499.80 |
| Convertible notes | 600,538.00 | 450,000.00 |
| **Total** | **2,362,261** | **2,338,278** |
| Cash and cash equivalents | -150,633 | -52,262 |
| **NFP** | **2,211,628** | **2,286,016** |

| BENI STABILI S.p.A. Siiq | Financial Debt | Financial Debt |
|---|---|---|
| Amounts in € thousands | **31.12.2013** | **30.06.2013** |
| | **Face value** | **Face value** |
| Loans and other short-term debt | 80,102 | 86,384 |
| Mortgage loans, other loans and facilities | 1,024,30 | 1,063,91 |
| Debt securities | 0 | 0 |
| Convertible notes | 600,53 | 450,00 |
| **Total** | **1,704,947** | **1,600,296** |
| Cash and cash equivalents | -104,575 | - |
| **NFP** | **1,600,372** | **1,581,436** |

The Company has used most of the available funds arising from the issue of the Notes towards the repayment of the Outstanding Notes and to pay-off loans and other short-term debts, thus extending the average maturity of its debt.

The Company has repurchased all the Outstanding Notes in respect of which indications of interest to sell had been collected as of the closure of the reverse bookbuilding process on 9 October 2013. The total principal amount of the Outstanding Notes repurchased is equal to EUR 119,462,000, representing approximately 53.1% of the Outstanding Notes initially issued, at a repurchase price equal to 102.75% of the principal amount of the Outstanding Notes, together with any accrued and unpaid interest, representing 1.885% of the principal amount (the "**Repurchase**").

After the settlement of the Repurchase, the existing Outstanding Notes have an aggregate face value of EUR 105,538,000 representing approximately 46.9% of the Outstanding Notes initially issued.

## 4. GENERAL INFORMATION ON THE PERFORMANCE OF MANAGEMENT

The draft financial statements as at and for the year ended 31 December 2013 were approved by the Board of Directors together with the consolidated financial statements, on 14 February 2014 and are available at the registered office, at the Borsa Italiana S.p.A. and on the Company's website www.benistabili.it.

With respect to the financial year's result and the general information on the performance of management, please refer to the draft financial statements and the related documents. Please note that, as shown in the report on the management prepared by the Board of Directors, in 2013, in an environment still characterised by some uncertainty as to whether the economy was able to recover and the possible recovery timeframe, the Group continued generating operating profit and positive cash flows.

In light of the Company's fundamentals it is believed that a substantial financial and income stability may be confirmed for the year 2014 as well.

## 5. UNDERWRITING SYNDICATES AND ANY OTHER FORM OF PLACEMENT

No underwriting syndicate is provided for in relation with the Capital Increase, as this is to be solely applied to the service of the possible conversion of the Notes. Please note that the placement of the Notes was arranged by Banca IMI S.p.A., BNP Paribas, Bank of America Merrill Lynch and Mediobanca - Banca di Credito Finanziario S.p.A. as Joint Bookrunners, who also guaranteed the subscription pursuant to the Subscription Agreement executed by the parties.

## 6. DETERMINATION OF THE ISSUE PRICE OF THE NEW SHARES ARISING FROM THE CAPITAL INCREASE

As pointed out above, the issue price of the new shares arising from the Capital Increase is equal to the price for the conversion of the Notes.

The Board of Directors of the Company resolved that the conversion price should be determined in the context of the placement of the Notes, considering the quantity and quality of the demand expressed in that context and the performance of the domestic and international markets, applying a percentage premium to the weighted average price of the Company's ordinary share as recorded on the stock exchange segment on which the shares are listed between the start and the closing of the book-building period, to be determined within a certain range based on, among other things, the information received from the banks identified to act as joint bookrunners, the market conditions and the practice for similar transactions. In any case, this is without prejudice to the compliance with the provisions of article 2441, paragraph 6, of the Italian Civil Code. In the context of the placement of the Notes a EUR 0.6591 conversion price was determined.

The price so determined exceeds by 34 per cent the average weighted trading price of the Company's shares recorded by the Italian stock exchange in the six months preceding the date of issue and pricing of the Notes (8 October 2013). Such price also exceeds the net asset value per share as at 30 June 2013, which was equal to EUR 0.5406, and the net asset value per share as at 31 December 2013, which was equal to EUR 0.5362, as resulting from the draft financial statements as at 31 December 2013 approved by the Board of Directors on 14 February 2014.

Regarding the reference to the half-year period, the date of the issue and placement of the Notes has been used as parameter, since the use of a latest period of time as parameter would have not been correct, because the trend of the shares would have been affected also by the results of the issue of the Notes.

In any case, the conversion price exceeds by 32 per cent the average trading price of the Company's shares on the Italian stock exchange in the six months preceding 31 January 2014, which was EUR 0.5001.

The application of the abovementioned criteria led to the identification of an issue price of the new shares, as at the date of the beginning of the transaction, higher than the average trading price of the Company's shares in the previous six months and higher than the net asset value per share. The Board of Directors believes that the set price - pursuant to Article 2441, paragraph 6, of the Italian Civil Code - is appropriate to preserve the financial interests of the Company's shareholders and noteholders, considering the exclusion of the pre-emptive rights of the existing shareholders.

## 7. Availability to subscribe the newly-issued shares arising from the Capital Increase in connection with the Bond

As explained above, the Board of Directors deemed it appropriate to suggest to the Company's Shareholders' Meeting to approve the Capital Increase for the sole service of the possible conversion of the Notes into Company's newly issued ordinary shares, consequently excluding the shareholders' right to exercise the pre-emptive right pursuant to article 2441, paragraph 5, of the Italian Civil Code.

## 8. Term for the completion of the Capital Increase

In the event of approval of the Capital Increase, the Company shall send to the noteholders the Physical Settlement Notice entitling them, up to 10 April 2019 or the earlier date provided for by the terms and conditions of the Bond upon the occurrence of certain events, to convert, at any time, the Notes into newly-issued shares of the Company. The final term for the exercise of the conversion right, and therefore for the subscription of the newly-issued shares, is set by the terms and conditions of the Bond at 10 April 2019, i.e. 7 calendar days before the due date of 17 April 2019.

In any case, please note that if the Capital Increase is not fully subscribed as at the deadline for the conversion, the Company's capital shall be increased by the amount arising from the subscriptions made by that date, and the directors shall be explicitly authorised to issue the new shares as these are subscribed.

In addition, as indicated above, the Company will have total discretion in choosing between the conversion of the Notes into shares, upon request from the noteholders, and the payment of an equivalent cash amount, pursuant to the terms and conditions of the Bond, and the payment of a combination of cash and shares.

## 9. ENTITLEMENT OF THE NEWLY-ISSUED SHARES

The shares to be offered in the context of the conversion of the Notes shall have regular entitlement and, therefore, shall attribute to their holders the same rights as those pertaining to the shares already outstanding as at the time of issue.

## 10. EFFECTS OF THE BOND AND OF THE CAPITAL INCREASE ON THE ECONOMIC PERFORMANCE AND ON THE EQUITY SITUATION OF THE COMPANY, AND EFFECTS ON THE UNIT VALUE OF THE SHARES

As this is a Capital Increase of a significant amount (as to the extent to which the amount of the transaction will affect the net asset value of the Company), please find below some information on the effects of the proposed Capital Increase on the economic and financial situation of the Company and of the Group and on the unit value of the shares.

As of the date of this Report neither the number of the Notes entitling to the conversion, nor the time or the relevant price of the shares on the date when such conversion request shall be made, nor the proportion of shares and cash with which the conversion requests shall be satisfied are known. Consequently, it is necessary to make the following assumptions:

- Number of Notes requested to be converted: all the issued Notes;
- Way of satisfaction: shares only;
- Conversion Price: EUR 0.6591;
- Timeframe for the conversion: at maturity, for the aggregate amount;
- Pro-forma figures used: the reference net asset value is the consolidated net asset value as at 31 December 2013 approved by the Board of Directors on 14 February 2014.

Assuming that the Company satisfies the conversion requests with shares only, the share price at the time of the conversion requests shall be irrelevant for the calculation of the impacts. Furthermore, it shall be noted that this assumption has the most serious effects in terms of shareholders equity dilution and that it is reasonable to assume that the way of satisfaction of the conversion requests adopted by the Company from time to time shall be such as to limit the dilution impact, if this is allowed by the cash needs at the relevant time.

Now, therefore, based on all the above information we can conclude as follows:

| | BENI STABILI GROUP 31.12.2013 | BENI STABILI S.p.A. DATA 31.12.2013 |
|---|---|---|
| Net Asset Value | 1,897,666,000 | 1,027,088,000 |
| Current No. of shares | 1,916,302,904 | 1,916,302,904 |
| Current Net Asset Value per share (EUR) | 0.990 | 0.536 |
| Number of subscribed shares | 409,649,522 | 409,649,522 |
| Subscription Unit Price (EUR) | 0.659 | 0.659 |
| Subscribed Amount (EUR) | 270,000,000 | 270,000,000 |
| Pro-forma projected Net Asset Value (EUR) | 2,167,666,000 | 1,297,088,000 |
| Number of shares after the capital increase | 2,325,952,426 | 2,325,952,426 |
| Pro-forma projected Net Asset Value per share (EUR) | 0.931 | 0.557 |
| Number of issued shares | 409,649,522 | |
| Current Share Capital (EUR) | 191,630,290.40 | |
| Projected Share Capital (EUR) | 232,595,242.61 | |
| Increase in the Net Asset Value (EUR) | 270,000,000.00 | |

*    *    *

A copy of this Report of the Board of Directors was delivered to the auditing firm Mazars S.p.A., pursuant to article 158 of Legislative Decree No. 58 of 24 February 1998.

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Should you agree on the foregoing, please adopt the following resolutions:

"the Shareholders' meeting

- having acknowledged the Report of the Board of Directors, prepared pursuant to article 2441, paragraph 6, of the Italian Civil Code and to article 72 of CONSOB Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented;
- having acknowledged the main provision of the terms and conditions of the Bond as outlined in the Report of the Board of Directors;
- having acknowledged the opinion on the adequacy of the issue price prepared by the auditing firm Mazars S.p.A.;
- having acknowledged the opportunity to proceed for the purposes and in the manner described above in the report prepared for this purpose by the Board of Directors,

resolved

- to approve the proposed capital increase against cash contributions, in several tranches with the exclusion of the pre-emptive right of the existing shareholders pursuant to article 2441, paragraph 5, of the Italian Civil Code, with an aggregate face value of up to EUR 40,964,952.20 to be paid up in one or more tranches, through the issue of up to No. 409,649,522 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 equity-linked notes, for an aggregate amount of EUR 270,000,000.00, due on 17 April 2019, reserved for qualified investors, according to the relevant terms and conditions, at a price per share of EUR 0.6591 (of which EUR 0.10 of face value and EUR 0.5591 of share premium), subject to any adjustments to the conversion price as provided for in the terms and conditions of the Bond; the number of shares to service the conversion shall be determined by dividing the face value of the Notes in relation to which the conversion right is to be exercised by the conversion price in force as at the relevant conversion date, rounding it down to the closest whole number of ordinary shares; no fractions of shares shall be issued or delivered and no cash payment or adjustment shall be made to replace such fractions.

In any case, the Company shall have total discretion as to whether to convert the Notes into newly-issued shares, at the noteholders' request, or to pay the latter an amount of money pursuant to the terms and conditions of the bond, or to deliver to the latter, upon request of conversion, a combination of shares and cash;

- to approve the delivery by the Chairman of the Board of Directors and by the Chief Executive Officer, severally, and with the power to grant powers of attorney, of a notice to the noteholders whereby the latter shall be entitled to convert their Notes into newly-issued ordinary shares of the Company;
- to determine that the latest date allowed for the subscription of the newly-issued shares shall be set at 10 April 2019, corresponding to the seventh calendar day before the maturity date of the Bond, it being understood that the share capital increase shall be irrevocable until the expiry of the deadline for the conversion of the Notes and that, should the Capital Increase not be fully subscribed as at that date, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions received and as of their receipt, provided that they were received after the registration of this resolution with the Companies' Register, and the directors shall be explicitly authorised to issue the new shares as these are subscribed;
- to amend article 5 of the Company's by-laws accordingly, so as to reflect the resolutions

adopted on the date hereof, by adding the following fourth paragraph:

"*The Extraordinary Shareholders' meeting held on 15 April 2014 resolved to increase the share capital against cash contributions, in several tranches, with the exclusion of the pre-emptive 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 40,964,952.20 to be paid up in one or more tranches, through the issue of up to No. 409,649,522 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 October 2013 (pursuant to the power of attorney granted by the board of directors by a resolution dated 7 October 2013), it being understood that the deadline for the subscription of the newly-issued shares is set at 10 April 2019 and that should the capital increase not be fully subscribed as at that date, the 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 subscribed.*"

appointing the Chairman of the Board of Directors and the Chief Executive Officer, severally, and granting them the power to issue powers of attorney to third parties, to update the numerical expressions contained in article 5 of the Company's by-laws, as amended, as a result of the partial and/or full exercise of the conversion rights by the noteholders and of the consequent partial and/or full execution of the Capital Increase to service the Bond, also arranging the relevant filings with the Companies' Register;

- to grant all powers, without exclusion or exception, to the Board of Directors, hence to the Chairman and the Chief Executive Officer, permitting them, severally, the broadest powers to complete the following actions, also through powers of attorney: *(i)* to perfect the resolutions adopted, with the right to make any such amendments as may be requested by the competent Authorities, in addition to any amendments required upon the registration with the Companies' Register, and also to file the updated version of the Company's by-laws at the outcome of the transaction resolved upon, and *(ii)* to carry out any action that is required, necessary and useful for the full implementation of the resolutions adopted.".

For the Board of Directors

The Chairman

(Enrico Laghi)