



BENI STABILI S.P.A. SIIQ

**ILLUSTRATIVE REPORT PREPARED BY THE BOARD OF DIRECTORS ON ITEM NO. 2 ON
THE AGENDA OF THE SHAREHOLDERS' MEETING OF BENI STABILI S.P.A. SIIQ OF 7
APRIL 2016, DRAWN UP PURSUANT TO ARTICLE 125-*TER* OF ITALIAN LEGISLATIVE
DECREE NO. 58/1998**

ILLUSTRATIVE REPORT ON ITEM NO. 2 ON THE AGENDA

2. Board of Directors:

2.1 Appointment of the Board of Directors for the years 2016-2017-2018, following the determination of the number of its members, according to the list voting system set forth in article 13 of the Articles of Association.

Pertinent and consequent resolutions.

2.2 Determination of the total remuneration to assign to the Board of Directors.

Pertinent and consequent resolutions.

Dear Shareholders,

You have been called to examine and resolve, among other things, upon item no. 2 of the agenda concerning the appointment of the Board of Directors for the years 2016-2017-2018, following the determination of the number of its members, and the determination of the total remuneration to assign to the Board of Directors.

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2.1 Appointment of the Board of Directors for the years 2016-2017-2018, following the determination of the number of its members, according to the list voting system set forth in article 13 of the Articles of Association.

Pertinent and consequent resolutions.

Please note that with the approval of the financial statements for the year ended 31 December 2015, the mandate given by the Shareholders' Meeting of 17 April 2013 to the Board of Directors shall expire.

We therefore propose endorsement to appoint the Board of Directors following the determination of the number of its members, according to the list voting system set forth in Art. 13 of the Articles of Association hereby reproduced:

“SECTION V

MANAGEMENT

Article 13

The Company shall be managed by a Board of Directors consisting of not less than five and no more than fifteen Directors, elected on a show of hands by ordinary shareholders' Meeting, which shall also, within the above limits, establish the number of the Board's members.

The entire Board of Directors shall be elected on the basis of lists submitted by shareholders, on which candidates must be listed in sequential order, with express indication of candidates holding the requirements for independence.

Moreover, each list, except for those containing a number of candidates less than three, must include at least one third (“Full Quota”), or one fifth (“Reduced Quota”), where applicable, of individuals belonging to each gender, until this is provided for by mandatory rules of law and/or regulations.

After carrying out the procedure of the list voting, the Board of Directors must consist of at least:

- one member who meets the independence requisites established by law, or by the highest number possibly required by the applicable regulations (“Independence Criterion”);*
- one third (“Full Quota”), or one fifth (“Reduced Quota”), where applicable, of individuals belonging to each gender, until this is provided for by mandatory rules of law and/or regulations.*

The lists shall be deposited at the Company's registered office at least twenty-five days before the date indicated for the shareholders' Meeting on first call and shall be made available at the stock market operator and shall be available on the Company web site, accompanied by the documents required by the regulations in force, at least twenty-one days before the date set for the shareholders' Meeting to be held in first call.

No shareholder may, either individually or jointly, submit more than one list, including by proxy or through a trust, and each candidate may be present on one list only, on pain of ineligibility.

The shareholding percentage required to be entitled to submit lists of candidates for the position of Statutory Auditor shall be set out in the CONSOB communication issued within thirty days from the end of each financial year, pursuant to the first paragraph of Article 147-ter of Italian Legislative Decree 58/1998 and the first paragraph of Article 144-quater and 144-septies (first paragraph) of CONSOB Resolution no. 11971/1999 and subsequent amendments and additions.

Therefore, shareholders are entitled to submit lists only if, upon presentation of the list, either on their own or with other shareholders, own the required number of shares prescribed by Consob resolution for that purpose.

The minimum percentage required for submitting lists shall be indicated in the notice convening the Meeting.

Shareholders shall provide evidence of the shares required to submit lists, by exhibiting and leaving a copy of the certificate at the registered office within the deadline set forth for the publication of the lists.

By the deadline for depositing the lists at the registered office, each list must be accompanied by a declaration from each candidate whereby the candidates accept their candidacy, declare, under their responsibility, that there are no grounds for ineligibility or incompatibility, and that they satisfy current legal requirements for directorship.

Each voting shareholder may vote for one list only.

Members of the Board of Directors shall be appointed according to the following procedure:

- all the Directors except one shall be drawn from the list that obtained the most shareholder votes, in the sequential order in which they appear on the list, without prejudice to the observance of the Full Quota or of the Reduced Quota, where applicable. At least one of these Directors, or the highest number of Directors required for observing the Independence Criterion, must meet the independence requisites established for members of the control body by the regulations in force;

- at least one Director shall be drawn from the minority list that obtains the most shareholder votes, provided that he/she is not in any manner connected, even indirectly, with the shareholders who submitted or voted the list that obtained the most votes;

- for the purposes of allocating the Directors to be elected, lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting the lists.

In the event of a tie, the shareholders' Meeting shall hold a new list vote in order to elect the entire Board of Directors.

Should, on the other hand, only one list be submitted in accordance with the rules, all the Directors shall be drawn from this one list, based on the sequential order in which the candidates appear on the list, without prejudice to the observance of the Independence Criterion and of the Full Quota or of the Reduced Quota, where applicable.

The list that obtained the highest number of votes must ensure the observance of the Independence Criterion and of the Full Quota or of the Reduced Quota, where applicable. In particular, if the composition of the body, determined on the basis of the progressive numbers assigned to the candidates of the above list, does not allow the compliance with the criteria above, also taking account of the gender of the candidate appointed by the minority, the candidates with the lowest progressive number, not holding the requirements in question, will be replaced by the candidates with the higher progressive number, until the composition prescribed by the applicable provisions of law and/or regulations is reached.

The Directors remain in office for a three-year term that expires on the date of the shareholders' Meeting convened to approve the financial statements of their third year of office. They may be re-elected.

The list voting procedure applies only in case of renewal of the entire Board of Directors.

If, during the year, one or more Directors pass away, without prejudice to the possibility of

termination of the office of the majority of the Directors appointed by the Meeting - in which case the term of office of the entire Board shall be deemed to have expired - the Board replaces them pursuant to Article 2386 of the Italian Civil Code through the co-option of a subject part of the list to which the Director who passed away belonged, or, should this be impossible, by appointing a candidate proposed by the shareholder who submitted the list to which the Director who passed away belonged, in compliance with the Independence Criterion and the Full Quota or the Reduced Quota, where applicable.

Thereafter, the Meeting shall deliberate according to the majorities envisaged by law and in compliance with the regulations currently in force.

The term of office of the Directors thus appointed shall be the same as the one applicable to the Directors in office at the time of their appointment.

Independent Directors are required to immediately inform the Board of Directors should they no longer meet the independence requisites prescribed by law. Failure to meet such requisites shall result in the termination of their appointment."

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The shareholding percentage required to be entitled to submit lists of candidates for the position of Director shall be at least of 1% of the share capital of Beni Stabili S.p.A. SIIQ, as set out in Consob Resolution no. 19499 dated 28 January 2016, published pursuant to Art. 147-*ter*, paragraph 1 of Italian Legislative Decree 58/1998 and Art. 144-*septies*, paragraph 1 of Consob Regulations no. 11971/1999 and subsequent amendments and additions.

We would like to specify that the Beni Stabili is a company subject to management and coordination by another company with shares listed on regulated markets. Therefore, pursuant to Art. 37 of Consob Regulations no. 16191/2007, it is required a Board of Directors in which the majority of members are independent directors.

We remind you that, as established by the above mentioned Art. 13 of the Articles of Association,

the lists shall be deposited at the Company's registered office at least twenty-five days before the date indicated for the Shareholders' Meeting, together with the documents required by the regulations in force. Anyway, because the last day would have been on Sunday 13 March 2016, the Company established to set the last day the 14 of March, which is the subsequent Monday.

Please note that, in support of the appointment list for the Board of Directors, as provided by law, the following documents shall be filed:

- a detailed information on the personal and professional attributes of the candidates;
- a statement about the eventual compliance of the candidates with the requirements for independence pursuant to Art. 148, paragraph 3, of the Italian Legislative Decree no. 58/98 and to the Company Corporate Governance Code;
- information regarding the identity of the shareholders who presented the list and the total percentage of shares held, together with a copy of the certification provided by law proving ownership of such shareholding;
- a declaration whereby the candidate accepts the nomination and certifies, under his/her responsibility, that there are no reasons for ineligibility or revocation pursuant to Art. 2382 of the Italian Civil Code and that he/she meets the requirements required by law for the mentioned office;
- an eventual declaration from shareholders other than those who hold, individually or jointly, a controlling or majority interest, confirming the absence of any relationships of affiliation with the latter, as envisaged in Art. 144-*quinquies*, Consob Regulations no. 11971/1999 and subsequent amendments and additions.

We also wish to inform you that, in accordance with Communication no. DEM/9017893 of 26 February 2009, Consob recommends that shareholders other than those who, individually or jointly, have a controlling or majority interest should provide the following information in the aforementioned declaration:

- any current relations with shareholders who, individually or jointly, hold a controlling or majority interest. In particular, it is recommended that the relations disclosed are at least those listed in paragraph 2 of the aforementioned Consob Communication. Alternatively, the absence of significant relations should be indicated;
- the reasons why such relations are not considered significant in determining the existence of relations of association, as above indicated.

We therefore propose to appoint the Board of Directors, following the determination of the number of its members, for years 2016, 2017, 2018 and, in any event, until the approval of the financial statements for the year ended on 31 December 2018, calling upon you to take all action and complete all formalities required to implement this resolution.

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2.2 Determination of the total remuneration to assign to the Board of Directors.

Pertinent and consequent resolutions.

We also propose, with reference to the present item on the agenda, to proceed to the determination of the total gross compensation that shall be attributed, *per annum*, to the Board of Directors, granting all powers to the Board of Directors to determine the internal distribution of said compensation.

Rome, 25 February 2016

For the Board of Directors

The Chairman

(Enrico Laghi)