



BENI STABILI S.P.A. SIIQ

Illustrative report pertaining to point 4 of the agenda of the ordinary 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. 73 of the Regulation adopted under Consob Resolution n. 11971/99, and successive amendments.

4. Proposal to authorise 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.

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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 6 February 2018 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 disposal 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).

The plan of purchase and disposal subject of this Report is proposed subject to prior revocation of the plan authorized by the shareholders’ meeting of 6 April 2017, expiring on 6 October 2018 (the “**2017 Authorization**”).

This Report sets out the reasons underlying the proposal for such authorization as well as the terms and the means by which the Company intends to proceed with the purchase and disposal of the Company’s shares, in substantial continuity with the conditions and purposes of the 2017 Authorization, as set out hereinafter.

1. Reasons for seeking authorization for the purchase and sale of Company’s shares.

The Authorization for the purchase and disposal of treasury shares subject of this proposal is necessary, in general, to allow the Company to seize any opportunity that the market may offer in the future and in particular in order to allow the Company to carry out the following transactions:

- 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;
- b) set up a shares warehouse position in order to be able to 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 (for instance, joint ventures or aggregations) 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 in any form;
- c) service the treasury shares to the issuance of bonds or other debt instruments that can

be converted into Company's shares;

- d) fulfil obligations arising out of any incentive plans, whether against payment or not, reserved for Beni Stabili's or to the group headed by Beni Stabili or the group to which Beni Stabili is party, directors, employees or self-employed workers;
- e) execute any other extraordinary share capital operation (including any potential share capital decrease by means of annulment of treasury shares, subject to the requirements set forth by the law);
- f) offer the shareholders an additional instrument to monetize their investment.

Any treasury shares purchased pursuant to the above authorization, as well as those already in Beni Stabili's portfolio, may be subject to disposal by means of one or more of the above-mentioned ways, as well as by means of trading activity, should the Board of Directors perceive the opportunity to maximize their value, and taking into account the market's trend, in any case without prejudice to its obligations to comply with due laws pertaining to market abuse.

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

As at the date of this Report the Company's equity capital is Euro 246.957.280,40, 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.

The Board of Directors is seeking authorization to purchase a number of Company's shares as well as to proceed with repeated and successive purchase and sale operations (or other acts of disposal) of such Company's shares on a *revolving* base, even for fractions of the maximum authorized amount, 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 authorization 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 authorization 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.

With regards to the maximum disbursement limit, 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.

We hence suggest reference to be made to the draft balance sheet closing on 31 December 2017 which shows distributable profits and 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 authorization.

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 authorization being sought

The authorization 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.

Authorization 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 not higher than Eur 0,84 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.

The terms and conditions for the disposal of treasury shares indicated in this Report will also

apply to the treasury shares already existing in the Company's portfolio deriving from acquisitions carried out on the basis of previous authorizations.

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 the methods determined from time to time by the Board of Directors in compliance with the current regulations. The Board of Directors may also decide to follow to 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 authorization 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 off-market, 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 authorization 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 related to the possible purchase transaction conducted to reduce equity capital by cancelling purchased Company's shares

The share purchase authorization is not requested to serve a specified reduction of the Company's equity capital, however Beni Stabili, should the Shareholders' meeting approve the Company's equity capital reduction in the future, may cancel the purchased treasury shares to enact such reduction.

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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 in its portfolio, equal to 0.042% of the equity capital, and does not own any Company's share through any of its subsidiaries; and

- having regard to the draft balance sheet closing on 31 December 2017,

hereby

- 1) revoke the authorization granted to the Board of Directors by the shareholders' meeting of 6 April 2017, given both the impending expiry of such authorization on 6 October 2018 and the possible inconveniences connected to "multiple sources of authorizations";
- 2) 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, on a *revolving* basis, 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:
 - 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 the methods provided for in at. 144 *bis* of Consob's deliberation no. 11971 of 14 May 1999 and determined by the Board of Directors from time to time, as well as in compliance with the market practices currently in force *pro tempore* in case the Board of Directors decides to follow them;
 - the maximum amount of shares for which the authorization is granted may never exceed 10% of the equity capital, from which will be deducted the number of shares that may have been purchased by the Company's subsidiaries;
 - the purchases must be made at a price that shall not be higher than Eur 0.84 per share;
- 3) 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 authorization 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 off-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, sale or annulment 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, share capital reductions);

- 4) 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;
- 5) 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 purchase, sale, dispose or annul all or part of the treasury shares or, in general, execute this resolution and even make to this resolution all such changes and additions that may be required by pertinent authorities, and provide 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, 22 March 2018

For the Board of Directors

The Chairman

(Ariberto Fassati)