



Beni Stabili S.p.A. Siiq

(incorporated with limited liability under the laws of the Republic of Italy)

€125,000,000

2.125 per cent. Notes due 30 March 2022

The issue price of the €125,000,000 2.125 per cent. Notes due 2022 (the “Notes”) of Beni Stabili S.p.A. Siiq (the “Issuer” or “Beni Stabili”) is 99.672 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 30 March 2022. The Notes are subject to redemption, in whole but not in part, at their principal amount, plus interest, if any, to the date fixed for redemption in the event of certain changes affecting taxation in the Republic of Italy and at the Make Whole Amount (as defined in Condition 6) at the option of the Issuer at any time. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem or, at the Issuer’s option, purchase such Note at 100 per cent. of its principal amount together with accrued and unpaid interest (if any) to (but excluding) the Put Date upon the occurrence of a Put Event (each as defined below). See “*Terms and Conditions of the Notes – Redemption and Purchase*”.

The Notes will bear interest from (and including) 30 March 2015 (the “Issue Date”) at the rate of 2.125 per cent. per annum. Interest on the Notes will be payable annually in arrear on 30 March in each year. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under “*Terms and Conditions of the Notes – Taxation*”.

The Notes will constitute senior, unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for certain mandatory exceptions of applicable law.

The prospectus (the “Prospectus”) has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC, as amended (including by Directive 2010/73/EU, to the extent that such amendments have been implemented in a relevant member state of the European Economic Area) (the “Prospectus Directive”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the “Irish Stock Exchange”) for the Notes to be admitted to the official list of the Irish Stock Exchange (the “Official List”) and trading on its regulated market (“Main Securities Market”). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC. Such approval relates only to the Notes which are to be admitted to trading on the Main Securities Market or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. This Prospectus (together with the documents incorporated by reference herein) is available for viewing on the website of the Irish Stock Exchange.

This Prospectus is a prospectus for the purposes of Article 5.3 of the Prospectus Directive.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Sole Underwriter (as defined below) in accordance with Regulation S under the Securities Act (“Regulation S”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on transfers of the Notes, see “*Subscription and Sale*”.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 2 of this Prospectus for a discussion of certain risks prospective investors should consider in connection with any investment in the Notes.

The Notes will be in bearer form in the denomination of €100,000 each and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) (or other relevant clearing system) allow, in denominations of €1,000 in excess of €100,000, up to and including €199,000. The Notes will initially be in the form of a temporary global note (the “Temporary Global Note”), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “Permanent Global Note”, and together with the Temporary Global Note, each a “Global Note”), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in principal amounts equal to €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000, each with interest coupons attached. No Notes in definitive form will be issued with a denomination above €199,000. See “*Overview of Provisions Relating to the Notes in Global Form*”.

SOLE UNDERWRITER

Morgan Stanley

Prospectus dated 27 March 2015

IMPORTANT NOTICES

This document comprises a prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the “**Group**” or the “**Beni Stabili Group**”) and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

The Issuer has confirmed to Morgan Stanley & Co. International plc (the “**Sole Underwriter**”) that this Prospectus contains or incorporates all information regarding the Issuer, the Group and the Notes which is (in the context of the issue and offering of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Group are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Underwriter, BNP Paribas Trust Corporation UK Limited as trustee (the “**Trustee**”) or BNP Paribas Securities Services, Luxembourg Branch, as principal paying agent (the “**Principal Paying Agent**”) as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

Investors should rely only on the information contained in this Prospectus. The Issuer has not authorised anyone to provide investors with different information. The initial purchasers are not and the Issuer is not making any offer of the Notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover of this Prospectus regardless of the time of delivery of this Prospectus or of any sale of the Notes.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Underwriter.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and/or its Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer and/or its Group since the date of this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the offering, sale or delivery of any Note (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Sole Underwriter that any recipient of this Prospectus should purchase any Note. Each investor contemplating purchasing any Note should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Sole Underwriter to any person to subscribe for or to purchase any Notes.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group and of the rights attaching to the Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Underwriter to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been, and will not be, registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area and references to “**€**”, “**EUR**” or “**Euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to “**billions**” are to thousands of millions.

This Prospectus is drawn up in the English language. In case there is any discrepancy between the English text and the Italian text, the English text stands approved for the purposes of approval under the Prospectus Directive. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In compliance with the requirements of the Irish Stock Exchange, this Prospectus is available on the website of the Irish Stock Exchange (www.ise.ie).

Forward-looking statements

This Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “will”, “would” or similar words. These statements are based on the Issuer’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer’s strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

Market share information and statistics

This Prospectus contains information and statistics regarding the market share of the Beni Stabili Group, which are derived from, or are based upon, the Issuer’s analysis of data obtained from the sources set out in the footnotes to the chapter “*Description of the Issuer*” below. Such data has been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render such reproduced information inaccurate or misleading. Although the Issuer believes that the external source used is reliable, the Issuer has not independently verified the information provided by the source. Furthermore, this Prospectus contains statements regarding the Issuer’s industry and its relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer’s experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer’s estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in its industry which it believes to be reliable, there is no assurance

that any of these assumptions are accurate or correctly reflect the Issuer's position in the industry. None of the Issuer's internal surveys or information have been verified by independent sources.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and its consolidated subsidiaries (together the “Group” or the “Beni Stabili Group”) and the industry in which it and the Group operates together with all other information contained in this Prospectus, including, in particular, the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and/or its Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes

Risks relating to the Beni Stabili Group

If the international real estate market continues to perform badly, it may have a negative effect on the Group’s asset values.

The Italian and international real estate markets are subject to cyclical trends and are influenced by a series of macroeconomic factors. Market demand and supply are affected by, amongst other things, general economic conditions, interest rate fluctuations, inflation trends, tax regimes, market liquidity and alternative investment opportunities.

In the last few years the Italian real estate market has been negatively affected by the difficult European economic situation, resulting in pressure on real estate values and depressed conditions in the investment markets in general. Despite this, the Beni Stabili Group’s operating results in 2014, setting aside extraordinary and non-monetary items, were positive and its financial structure was reinforced. However, the variation of the fair market value of the Group’s property assets as a result of the ongoing crisis in the Italian and international property markets has resulted in write-downs in recent years.

As such, despite good performance of the Group’s operational activities and its savings on operating costs, in 2014 the Group recorded a loss of €231.605 million, due to specific extraordinary events, such as i) the early repayment of loans and related hedging instruments, the most significant of which was related to the refinancing of the Imser 60 securitisation, representing a cost of €172.445 million (net of the related tax effect), ii) the introduction of the tax exemption system to the profit/(loss) on disposal of properties held for leasing, introduced by the so-called “Decreto Sblocca Italia”, which resulted in the cancellation of deferred tax assets of €2.191 million, and iii) other extraordinary adjustments to valuations (write-downs of some receivables and investments) and non-cash items (fair value recognition of the convertible bond option), which involved the recognition of additional costs of €47.02 million. Further, both the 2013 and the 2014 results were affected by write-downs, in particular write-downs of €2.1 million in 2013 (representing a decrease of 1.92 per cent. of the value of the Group’s assets accounted for in the financial statements before write-downs) and write-downs of €10.8 million in 2014 (representing a decrease of 0.26 per cent. of the value of the Group’s assets accounted for in the financial statements before write-downs). The write-downs in 2013 were still partly related to the negative impact of the amendments to the “IMU” (municipal tax, formerly ICI) tax regime introduced in Italy during the year 2012 and partly related to the general uncertainty and volatility of the real estate market, which negatively affected the value of certain real estate assets. The IMU tax was introduced in 2012 and is a wealth tax due yearly, which is payable by owners of real estate assets or rights located in Italy. The IMU ordinary rate is 0.76 per cent., which may be increased or decreased by 0.3 per cent. by the relevant municipality, which applies to the official value of the relevant real estate asset/right in the relevant register (*i.e.*, the “valore catastale”). Pursuant to the Italian “2014 financial law”, starting from 2014 the owners of real estate assets located in Italy are subject to a new municipal service tax (known as “TASI”) that, subject to certain conditions and within certain limitations, is levied in addition to the IMU tax at an

ordinary rate of 0.1 per cent., which – for the year 2014 and, pursuant to the Italian “2015 financial law”, also for the year 2015 – may be decreased or increased by the relevant municipalities within the following limits: (i) the TASI rate cannot exceed 0.25 per cent., and (ii) the rate of IMU added to the rate of TASI cannot exceed 1.06 per cent. However, for the same years 2014 and 2015, the limits described under points (i) and (ii) above may be exceeded up to an overall amount of 0.08 per cent. by the relevant municipalities.

Considering all the above, the Group cannot assure investors that further write-downs or extraordinary adjustments, either as a result of the applicable tax regime, which could also be subject to further changes in the future, or as a result of further difficulties in the real estate markets in general, will not occur.

Although the Group pursues an investment strategy aimed at minimising the impact of the economic cycle, an extended period of economic downturn, such as that experienced in the current Eurozone crisis, or the occurrence of other factors that negatively impact real estate values could have an adverse effect on the Group’s financial condition and results of operations.

The geographical concentration of the Group’s property assets may have a negative impact on its business.

The Group operates wholly in the Italian market, with its property assets concentrated primarily in northern Italy, and is therefore particularly exposed to the trends of the local economy.

As at 31 December 2014, approximately 76 per cent. of the Core Portfolio properties owned by the Issuer were located in northern Italy, and especially in the Milan metropolitan area (approximately 47 per cent.). The second largest city in terms of concentration is Rome where, as at 31 December 2014, 9 per cent. of the Core Portfolio properties were located. Furthermore, 91 per cent. of the portfolio is composed of office properties whereas 9 per cent. of the portfolio is composed of retail properties.

Consequently, the Group’s results of operations and the value of its property portfolio could be negatively affected by a worsening of the local economy or of the local real estate market in the Italian cities where the Group’s real estate assets are concentrated. This exposes the Group to specific local risks in relation to changes in the local economy and local politics and/or planning laws, which cannot easily be predicted and which could have an adverse effect on the Group’s financial condition and results of operations.

The Group is primarily dependent on a limited number of tenants for its rental revenues.

As at 31 December 2014, the Group’s annual rental income generated from its top four tenants accounted for approximately 74 per cent. of the Group’s total rental revenues. Among these four main tenants (Telecom Italia S.p.A., Intesa Sanpaolo S.p.A., Maire Technimont S.p.A. and the Italian public administration) Telecom Italia alone accounted for approximately 54 per cent. of the Group’s total rental income. The Issuer’s management, particularly in light of the current global economic and financial crisis which has caused increasingly challenging times for the Group’s clients, constantly monitors the creditworthiness of these main tenants. Nonetheless, an extended period of economic downturn could result in a material breach of contract by one or more of these or other tenants or a worsening of their creditworthiness or their capacity to fulfil their rental obligations, which could have an adverse effect on the Group’s financial condition and results of operations.

The Group is exposed to credit risk arising from its commercial activity.

Credit risk represents the Group’s exposure to potential losses that could be incurred if a counterparty fails to meet its obligations. This risk arises primarily from economic and financial factors (*i.e.*, where the counterparty defaults on its obligations), as well as from factors that are technical, commercial, administrative or legal in nature.

The Group’s exposure to credit risk is due mainly to the concentration of its commercial relationships with four major tenants (see “*The Group is primarily dependent on a limited number of tenants for its rental revenues*” above).

Material defaults by major tenants or financial counterparties, or a significant increase in current default rates by counterparties generally, could have an adverse effect on the Group’s financial condition and results of operations.

As at 31 December 2014, receivables from tenants, before the related provision for write-downs, totalled €66.7 million (including receivables for invoices to be issued totalling €22.5 million, which were recorded pursuant to the rules of IAS 17 in order to even out the overall contractual compensation over the term of the lease). Of this amount, about €17.7 million was more than 12 months overdue. Moreover, the provision for receivable write-downs as at 31 December 2014 totalled about €7.9 million.

For additional information on credit risk from the Issuer's business, see the 2014 Consolidated Financial Statements, Paragraph 3.1 of the Notes to Financial Statements on page 103, which is incorporated by reference in this Prospectus.

Credit recovery expectations are assessed on a position-by-position basis, taking into account existing validly enforceable guarantees and opinions of external counsel in respect of any relevant recovery actions. The operating and financial performance of the Group's more important tenants are monitored on an ongoing basis, with bank sureties and guarantee deposits provided by tenants securing more than one quarter of the aggregate amount of annual rentals as at 31 December 2014. However, assessments of creditworthiness are based on the information available at the time and could be adversely affected by market or general economic conditions, and could ultimately have a material adverse impact on the Group's financial condition and results of operations.

The Group is exposed to fluctuating property values.

Since investment properties, properties held for sale and, where applicable, properties under development are measured at fair value and the relative fluctuations are accounted for in the Group's income statement, movements in property prices can have a significant impact on the Group's operating performance. Furthermore, part of the Group's operating results derive from property trading, which is also significantly influenced by property value trends and the volume of transactions. Rents and property values are cyclical in nature, and are influenced by macroeconomic factors such as interest rates, liquidity and economic growth. The Group's investment policy aims to minimise the impact of different stages of the cycle through a careful selection of investments that offer long-term leases with creditworthy tenants, strategic locations in cities that have a structural shortage of good quality office space and low vacancy rates. Purchases and sales of properties in its trading portfolio are carefully monitored both to minimise risk and to exploit opportunities. However, fluctuations in property values are largely out of the control of the Group and could have a material adverse impact on the Group's financial condition and results of operations.

The Group's business and result of operations could be negatively affected by changes in the legislative, regulatory and fiscal framework in Italy and at a European level.

The Group's activities are subject to a number of building, health and safety and planning legislation and regulations (at both a national and regional level), environmental laws and regulations (at the European Community level), landlord-tenant legislation, and specific tax regimes. There can be no assurance that increased capital expenditure and operating costs resulting from future laws and regulations and amendments to applicable tax rates and regimes will not adversely affect the Group's results of operations and financial condition. The failure to comply with the requisite standards and regulations in relation to any particular property may adversely affect such property's value and/or result in increased costs to be borne by the Group in order to remedy such non-compliance, which in turn could have an adverse effect on the Group's financial condition and results of operations.

The Group is currently involved in a number of disputes.

At the date of this Prospectus, Beni Stabili and other Group companies are parties to a number of legal and tax disputes arising in the ordinary course of their activities (see the section headed "*Description of the Issuer - Litigation and contingencies*", as well as pages from 151 to 159 of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014, incorporated by reference in this Prospectus).

The Issuer is involved in a tax dispute with the Italian tax authorities regarding the sale of the entire shareholding of Immobiliare Fortezza S.r.l. to the pension fund for the personnel of Banca Commerciale Italiana (the "**Comit Fund**"). Following an appeal by the Italian Revenue Agency against the outcome of the second level appeal, which was favourable to Beni Stabili, the Court of Cassation (*Corte di Cassazione*) is

currently reviewing the lawfulness of the notice of settlement of the registration, mortgage and land taxes issued by the Italian tax authorities. A negative outcome of these proceedings could result in the Issuer (which is jointly liable with the Comit Fund), paying a total amount of approximately €15 million (plus interest accrued during the proceedings) although it will only be possible to determine any final amount due by the Issuer upon final judgement. Following the favourable outcome at the second instance of the proceedings in the financial year 2011, the original risk fund provision of €2 million that had been set aside was released.

With regard to this dispute, it is also necessary to take into consideration that any payment obligations pertaining to the Issuer, in the case of a possible adverse outcome in the tax judgment, could only be verified and quantified at the outcome of the definition of relations, not currently defined, with the contractual counterparty equally jointly and severally liable to the Treasury, namely the Comit Fund. It is still possible that the Group may be required in the future to meet charges and payment obligations that are not covered by the provision for legal and tax disputes, or that are not sufficiently covered, with resulting adverse effects on the financial position and operating results of the Group.

The Group monitors the development of these proceedings, also with the help of external advisers and, where necessary, has recorded provisions considered appropriate in light of the circumstances following a prudent analysis of each dispute and the risks concerned. The evaluation of risks is, however, subjective and necessarily involves estimations of potential liabilities. There can therefore be no assurance that the ultimate outcome of these disputes will not have a material adverse impact on the Group's financial conditions and results of operations.

The Group is dependent on a limited number of financing sources.

The future performance of the Group depends, among other things, on its ability to meet its payment obligations and to make scheduled investments by using available operating cash flow and cash and by turning to the capital markets or other sources of financing.

In order to meet its funding needs, the Group relies on short and medium-term credit facilities, long-term mortgage loans and syndicated bank loans. The Group also raises debt financing in the capital markets through bond issues and securitisation transactions. Mortgage loans to fund property purchases are structured on the basis of the expected rental cash flows from the purchased property and taking into account operating costs to be borne by the lessor.

Although the Group has been able to meet its funding requirements to date, there can be no assurance that it will be able to secure additional debt or equity financing to fund its capital expenditure requirements or to refinance its existing debts upon their maturity; or that it will be able to generate sufficient cash from operations to meet its funding costs.

Borrowings used to finance the purchase of investment properties are structured on the basis of cash flows generated by the underlying lease contracts, taking into account operating costs to be borne by the lessor. In the short-term, the Group aims not to deviate significantly from a financial leverage beyond 50 per cent. of the aggregate value of its property assets, while in the medium-long term, the Group aims to reduce progressively its financial leverage. However, there is a risk that new financial resources may not be available (funding liquidity risk) or the Issuer may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it may not be able to meet its payment commitments or continue investments. This may materially and adversely affect the Issuer's results of operations and financial condition should the Issuer be obliged to incur extra costs to meet its financial commitments or continue investments or, in extreme cases, threaten the Issuer's future as a going concern and lead to insolvency.

The Issuer's approach to liquidity risk is to have a financial structure which ensures an adequate level of liquidity for the Group and, whilst the Issuer has taken steps to ensure adequate levels of cash flow and liquidity, a decrease in revenues could negatively impact the ability of the Group to generate cash flow. In addition, there are no guarantees that the Issuer will be capable of obtaining loans and financing from other sources under the same or better conditions than those currently available to it. These factors may adversely affect the Issuer's results and financial condition with possible consequences on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's ability to borrow in the bank or capital markets to meet the financial requirements of the Group is also dependent on, among other things, favourable market conditions. (See "*The current disruption in the global financial markets may continue and may have an adverse effect on the Group's business*" below.)

The current disruption in the global financial markets may continue and may have an adverse effect on the Group's business.

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets and continue to affect the functioning of financial markets and to impact the global economy.

In Europe, despite measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Issuer's business, results of operations and financial condition may be adversely affected.

As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer and the Group may be adversely impacted and costs of financing may significantly increase. This could adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

The Group is exposed to interest rate fluctuations.

As the Group's financial indebtedness comprises various financings, including a number which require payment of interest at a floating rate, it is particularly exposed to the risk of interest rate fluctuations. The Group seeks to minimise its exposure through hedging activities, primarily interest rate swaps, interest rate caps and zero cost collars. There is a constant monitoring of interest rate risk through valuation tests conducted on a quarterly basis. Whilst the Group does not carry out any purely speculative transactions, nor any transaction not directly connected to its debt exposure, and derivative instruments currently cover approximately 85 per cent. of the outstanding principal amount of its indebtedness, the protection offered by derivative instruments is limited in amount and in time and, as a result, future interest rate fluctuations may nonetheless adversely affect the Group's financial conditions and results of operations.

The Group is exposed to fluctuations in the rate of inflation.

Most lease contracts with tenants are inflation-linked, providing for an increase in rent by a certain percentage based on price inflation; however, none of the lease contracts provided for a corresponding decrease in rental prices in the event of price deflation. Fluctuations in the level of inflation are largely out of the control of the Group and could have a material adverse impact on the ability of the Issuer to meet its obligations under the Notes and/or under its other financial indebtedness.

The Group may be insufficiently insured to cover all of the losses, damage and limitations of use which may affect its Properties.

The Group is required by its best practice and policy guidelines to maintain or procure that there is maintained certain insurance cover with respect to its portfolio of property assets consistent with market practice. In addition, the Group is required to maintain such insurance cover in relation to assets that have been mortgaged to secure financings (which is the case in respect of most of the Group's assets). The Group has entered into an annual global insurance policy with a primary insurer covering damages to its property assets by fire, natural and socio-political events, earthquakes and structural collapses, with an additional cover of up to a maximum recoverable amount of €50 million per annum or insured loss regarding natural events and earthquakes, by an additional insurance policy. The Group also has insurance covering liability for damages caused to third parties for a maximum recoverable amount of €10.33 million, with an additional insurance policy extending coverage for such damages up to €20.33 million.

Imser 60 S.p.A. Siinq is separately insured, pursuant to the lease agreements entered into with Telecom Italia S.p.A., for a maximum recoverable amount of €50 million per annum or insured loss and up to €8 million for liability for damages caused to third parties.

The Group's ability to continue to fulfil these requirements will be subject to the availability of such insurance generally in the global insurance market. The Group may remain exposed (or become further exposed) to certain uninsured risks, for example, where insurance is not generally available or is not generally available on commercially reasonable terms.

The Group's insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to the type of insured loss events.

In addition, there are certain types of losses, generally of a catastrophic nature, such as those caused by floods, hurricanes, terrorism or acts of war that may be or become uninsurable or unavailable on commercially reasonable terms. Inflation, changes in building codes and ordinances, environmental considerations and other factors, may also result in insurance proceeds, if any, being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, may be inadequate to compensate the Group fully with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that property. There can be no guarantee that the level of insurance cover for the Group now or in the future will be sufficient. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that any insurance proceeds will be received at all. If such losses occur and are not covered by insurance and the Group has to make a payment, there could be an adverse effect on the Group's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of the Issuer to meet its obligations under the Notes and/or under its other financial indebtedness.

The Group may not be successful in completing development projects as planned, or on commercially favourable terms.

The Group has invested in development assets, currently representing approximately 4 per cent. of the total portfolio. As at the date of this Prospectus, the Group's main development projects include the two greenfields of the Symbiosis Area in Milan (formerly called "Ripamonti") and of the development of Via Schievano in Milan (for further information, see the section headed "*Description of the Issuer - Business Overview of the Beni Stabili Group*" below).

Development projects may require substantial capital expenditure, and it usually takes a considerable amount of time before projects are completed and become income generating. Certain general risks affect development and refurbishment activities, including risks relating to completion, the possibility of construction overruns (both in terms of time and budget), the risk of not obtaining, or delays in obtaining, necessary administrative permits, statutory consents and planning permissions and risks relating to the financing of the development. Inaccurate assessment of a development opportunity or a decrease in tenant demand due to competition from other commercial real estate properties or adverse market conditions, could result in a substantial proportion of the development remaining vacant after completion and exert pressure on the Group to provide rental or capital incentives to tenants or purchasers.

In addition, there are risks associated with (i) the failure to obtain title to property, and (ii) failure by third parties, including failure to complete a compulsory purchase order by a local authority. In addition, the Group may become subject to obligations under development agreements giving rise to additional expenditure commitments. Any of these factors could increase the cost of, or could delay or prevent completion of, a project and/or could result in a delay or loss of revenues or of capital invested. In addition, overruns on any new or existing developments (or the insolvency of contractors or failure of contractors to perform obligations) may have an adverse impact on the financial viability of the scheme and may lead to the need for additional funding.

Consequently, there can be no assurance that the existing or future development of property by the Group will not have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group's success depends on attracting and retaining key personnel.

The Group's success depends, to a significant extent, on the continued services of its executive management team, which has substantial experience in the property industry. In addition, the Group's ability to continue to identify and develop properties depends on the management's knowledge of, and expertise in, the property market. There is no guarantee that the executive management team will remain employed by the Group. The sudden and/or unanticipated loss of the services of one or more members of the executive management team could have an adverse effect on the Group's business, financial condition and/or results of operations which could, in turn, have a material adverse impact on the ability of the Issuer to meet its obligations under the Notes and/or under its other financial indebtedness.

The Group may be liable for environmental issues relating to its current and former operations and properties.

The Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a property owned by or leased to it at a particular time, or any property formerly owned by it but subsequently disposed of. The costs of any required removal, investigation or remediation of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Group's ability to sell or lease the real estate or to borrow using the real estate as security. Whilst the Group has generally not provided contractual representations regarding environmental liabilities when selling properties in recent years, laws and regulations, as these may be amended over time, may impose liability for the release of certain materials into the air or water from a current or former real estate investment, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for the disturbance of, wetlands or the habitats of threatened or endangered species.

Non-compliance with, or liabilities under, existing or future environmental laws and regulations, including failure to hold the requisite permits or licences, could result in fines, penalties, third-party claims and other costs that could have a material adverse effect on the Group's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of the Issuer to make repayments under the Notes and its other financial indebtedness, although prospective investors should note that, historically, the Group is not aware of any such claims, penalties or similar actions arising in respect of the properties in its portfolio.

Risks related to the tax treatment of the Issuer as a Siiq.

Effective from January 2011, the Issuer opted for the "SIIQ" (*Società Immobiliare di Investimento Quotata* - Real Estate Investment Trust) regime, *i.e.*, a special status which allows a company to benefit from certain tax advantages.

In order to hold the SIIQ status, certain requirements must be met by the Issuer at all times, including but not limited to compliance with objective requirements (such as being incorporated as a joint-stock company, having tax residence in Italy or in a "white listed" member state of the EU/EEA and being listed on a regulated stock exchange), corporate requirements (the by-laws shall set out the rules governing the investment policy, risk limitations on counterparty concentration and the maximum permitted leverage), shareholding structure and corporate governance limitations (the controlling stakeholder cannot own more than 60 per cent. of the voting rights) and limitations on corporate rental activity (the regime requires a minimum 80 per cent. ratio between assets rented or to be rented plus participation into SIIQ/SIINQ and total assets (the so-called "**Asset Test**") as well as a minimum 80 per cent. ratio between revenues from rents (and related recovered costs) plus dividends from SIIQ/SIINQ and total revenues (the so-called "**Profit Test**").

As at the date of this Prospectus, the Issuer is in compliance with all requirements under the relevant legal provisions to hold the SIIQ status, and thus, to benefit from the related special tax regime. However, in the future, if the Issuer is not able to comply with such requirements, among which the requirement is to distribute a portion of income from leasing activities and, in addition, the income calculated in application of the so-called "carry forward" mechanism, or if it is not able to restore these measures by any deadline imposed by applicable regulations, the Issuer could lose this favourable tax treatment and be subject to ordinary taxation with a consequent negative impact on the Issuer's operating and financial position and on its ability to distribute dividends.

As at the date of this Prospectus, the Issuer and those of its subsidiaries which are SIINQs have accrued carry-forward obligations (the correct quantification of which are in progress with the tax authorities following the ruling procedure) of, respectively (a) not more than €56.197 million pertaining to the Issuer; (b) not more than €34.355 million pertaining to Imser 60; and (c) not more than €0.560 million pertaining to BS Immobiliare 8 S.p.A. SIINQ, which will therefore increase the “ordinary” distribution obligation with regard to future financial years under the aforementioned terms, under penalty of forfeiture of the special scheme. Given their financial and economic importance for the purpose of the Asset Test and the Profit Test, important effects with regard to the Issuer maintaining the special scheme could also result from the forfeiture of the special scheme by the participating SIINQs.

Factors which are material for the purpose of assessing the market risks associated with Notes

The Notes are not rated.

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Group. Although application has been made to the Irish Stock Exchange for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates.

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the “**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;

- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes may be redeemed prior to maturity.

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having the power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

The Notes are subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Change of Control.

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 6(d) (*Redemption and Purchase – Redemption at the option of Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at 100 per cent. of their principal amount together with interest accrued up to but excluding the Put Date (as defined in the “*Terms and Conditions of the Notes*”). However, it is possible that the Issuer will not have sufficient funds at the time of the Change of Control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes should they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer’s financial position.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Minimum denomination.

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (“**Decree No. 239**”); and
- (b) withholding tax operated in certain EU Member States pursuant to European Council Directive 2003/48/EC regarding the taxation of savings income (the “**EU Savings Directive**”) and similar measures agreed with the European Union by certain non-EU countries and territories,

a brief description of which is set out below.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section headed “*Taxation*” below.

Imposta sostitutiva

Imposta sostitutiva (Italian substitute tax) is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 20 per cent. to (a) certain Italian resident Noteholders and (b) non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

EU Savings Directive

Under the EU Savings Directive each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Directive) for, an individual resident or certain limited types of entity established in that other Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria may instead apply a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. The end of the transitional period is

dependent upon the conclusion of certain agreements relating to the exchange of information on such payments with certain non-EU countries.

A number of non-EU countries and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to or collected by such a paying agent (within the meaning of the EU Savings Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

For further information on the EU Savings Directive, see the section headed “Taxation” below.

Investors may be affected by changes of law or administrative practice.

The terms and conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Prospectus.

The modification provisions may bind minority Noteholders.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

FATCA

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that the provisions of Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, or any regulations thereunder or official interpretations thereof, or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such intergovernmental agreement) (“FATCA”) will affect the amount of any payment received by the ICSDs (see “Taxation – FATCA”).

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common safekeeper for the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The Notes are exposed to the risks related to the secondary market generally.

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid and, consequently, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

The Notes may be delisted in the future.

Application has been made to the Irish Stock Exchange for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer as at and for the financial years ended 31 December 2013 and 2014¹, together in each case with the audit report stated therein (together the “**Beni Stabili Group Financial Statements**”).

Such documents are incorporated into, and form part of, this Prospectus, save that (a) any statement contained therein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), and (b) any information contained in the aforementioned annual financial statements, but not included in the cross-reference tables set out below, is not incorporated by reference in this Prospectus because such information is either not relevant for investors or is covered elsewhere in this Prospectus, and should be read for information purposes only.

In this section, reference to pages refer to the English versions of the relevant documentation. This Prospectus is drawn up in the English language. In case there is any discrepancy between the English text and the Italian text, the English text stands approved for the purposes of approval under the Prospectus Directive.

- (a) the auditors’ report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013:

Financing and refinancing activities	Pages 153 to 154
EPRA recurring net income	Pages 44 to 45
Statement of Financial Position	Page 61
Income Statement	Page 62
Statement of Comprehensive Income	Page 63
Statement of Changes in Equity	Page 64
Statement of Cash Flows	Page 65
Notes to the financial statements.....	Pages 66 to 146
Litigation and Contingencies	Pages 130 to 138
Independent Auditors’ Report.....	Pages 147 to 150

- (b) the auditors’ report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014:

Financing and refinancing activities	Pages 51 to 52
EPRA recurring net income	Pages 65 to 66
Statement of Financial Position	Page 81
Income Statement	Page 82
Statement of Comprehensive Income	Page 83
Statement of Changes in Equity	Page 84
Statement of Cash Flows	Page 85
Notes to the financial statements.....	Pages 86 to 164
Litigation and Contingencies	Pages 151 to 159
Independent Auditors’ Report.....	Pages 169 to 171

Copies of documents incorporated by reference in this Prospectus are published on the website of the Issuer (www.benistabili.it).

In particular, the following documents are available to the public on the following links.

- (a) the auditors’ report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013:

- http://www.benistabili.it/filecat/2873_L0_F4_Relazione%20Finanziaria%20Annuale%202013.pdf (Italian version)
- http://www.benistabili.it/filecat/2873_L1_F4_Annual%20Financial%20Report%20%202013.pdf (English version)

¹ The audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 have been approved by the Board of Directors held on 10 February 2015. Approval of the Issuer’s annual financial statements for the year ended 31 December 2014 shall be approved by the Shareholders’ General Meeting which has been convened and should take place on 9 April 2015.

- (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014:
- http://www.benistabili.it/filecat/3019_L0_F4_Relazione%20Finanziaria%20annuale.pdf (Italian version)
 - http://www.benistabili.it/filecat/3019_L1_F4_Annual%20Financial%20Report.pdf (English version)

Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The €125,000,000 2.125 per cent. Notes due 2022 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 15 (Further Issues) and forming a single series therewith) of Beni Stabili S.p.A. Siiq (the “**Issuer**”) are issued on 30 March 2015 (the “**Issue Date**”) and are subject to, and have the benefit of, a trust deed dated 30 March 2015 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and BNP Paribas Trust Corporation UK Limited (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**”). The issue of the Notes was authorised by a resolution (*determina*) of the Managing Director of the Issuer dated 17 March 2015 on the basis of the resolution of the Board of Directors of the Issuer dated 16 March 2015. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the coupons relating to them (the “**Coupons**”). Copies of the Trust Deed, and of the paying agency agreement (the “**Paying Agency Agreement**”) dated the Issue Date relating to the Notes between the Issuer, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at 55 Moorgate, London, EC2R 6PA, United Kingdom) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). The Noteholders and the holders of the Coupons (whether or not attached to the relevant Notes) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1 Form, Denomination and Title

(a) Form and denomination

The Notes are serially numbered and in bearer form in the denomination of €100,000 each with Coupons attached on issue and integral multiples of €1,000 in excess thereof, up to and including €99,000, with Coupons attached at the time of issue. No Notes in definitive form will be issued with a denomination above €99,000.

(b) Title

Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Notes and Coupons constitute (subject to Condition 4) senior unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Covenants

(a) So long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), and unless the Issuer holds at least one Investment Grade Rating (in which case Conditions 3(a)(ii) and 3(a)(iii) shall be disapplied for the duration of the existence of such Investment Grade Rating) the Issuer shall:

- (i) ensure that as at each Reference Date, the Secured Debt will not be higher than 40 per cent. of the Total Assets;
- (ii) ensure that the Interest Cover in respect of any Relevant Period shall be no less than 1.25 per cent.;

- (iii) ensure that as at each Reference Date, the Total Debt will not be higher than 60 per cent. of the Total Assets; and
 - (iv) not incur any additional Indebtedness secured by a Security Interest over any asset of the Group that, at the time such additional Indebtedness is incurred, is not subject to any Security Interest unless, at the time such additional Indebtedness is incurred, the Unencumbered Total Assets Value is at least equal to the Unsecured Debt.
- (b) In addition, following a change in law as a result of which mandatory independent appraisal of the property assets of the Issuer and its Subsidiaries is no longer required for purposes of Issuer's audited annual financial statements, the Issuer shall cause each of its real property assets, and the real property assets of each of its Subsidiaries, to be appraised no less frequently than once every year, by an Approved Independent Valuer, except that the foregoing requirement will not apply to real property assets undergoing material construction or material development.
- (c) The Issuer will promptly notify the Trustee in writing in accordance with the Trust Deed in the event that any of the ratios or levels in this Condition 3(a)(i) to (iv) is breached.
- (d) For so long as the Notes remain outstanding, the Issuer will deliver a certificate to the Trustee on each Reporting Date signed by one Authorised Officer of the Issuer, certifying that the Issuer is in compliance with the covenants set out in this Condition 3 at the relevant Reference Date.

The Trustee shall be entitled to rely on any such certificate or any certificate provided pursuant to the Trust Deed as to there not having occurred any Event of Default or Potential Event of Default and the Trustee shall not be obliged to independently monitor compliance by the Issuer with the covenants set forth in this Condition 3 or Condition 4, nor shall it be liable to any person, for not so doing and the Trustee need not enquire further as regards the circumstances existing on the date of such certificate.

For the purposes of the Conditions:

“Accounting Principles” means the accounting principles established by the International Accounting Standards Board (I.A.S.B.), including the IFRS.

“Adjusted EBITDA” means, in respect of any Relevant Period, the algebraic sum (if positive) of the following items:

- (a) “Net rental revenues” (*Ricavi netti di locazione*);
- (b) “Net services revenues” (*Ricavi netti per servizi*); and
- (c) “Total operating costs” (*Totale costi di funzionamento*),

in each case without taking into account any non-cash charges (*costi non monetari*) and as determined by reference to the most recent Issuer's audited annual consolidated financial statements or Issuer's unaudited semi-annual consolidated financial statements.

“Affiliate” means, in relation to any person, a Subsidiary of that person or a holding company of that person or any other Subsidiary of that holding company.

“Approved Independent Valuer” means: a primary company in the relevant field of business with an international reputation, for example CBRE Valuation S.p.A. or REAG – Real Estate Advisory Group S.p.A.; *provided, that* (A) such company is not an Affiliate of any member of the Group, and (B) one Authorised Officer of the Issuer certifies the selection of such firm.

“Authorised Officer” means the Chief Executive Officer or the Chief Financial Officer.

“Board of Directors” means either the board of directors, or the equivalent body, of the Issuer, as the case may be, or any duly authorised committee of that board or body.

“Borrowings” means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the Indebtedness of the Group.

“Cash and Cash Equivalents” means, on any given date, cash on hand and at bank, short term money market deposits (which can be turned into cash on no more than 30 days’ notice) and short term bank accepted bills of exchange, government and semi-government stocks or bonds which are convertible to cash of the Group on no more than 30 days’ notice.

“Finance Charges” means, in respect of any Relevant Period, the aggregate amount indicated as “Finance Charges” (*Oneri Finanziari*) in respect of that Relevant Period, including cash interest expenses capitalized on real estate assets but excluding:

- (a) any non-recurring or extraordinary finance charges deriving from early repayment of loans including as a result of property sales;
- (b) any non cash finance charges on any derivative instruments and amortised cost;
- (c) any non cash finance charges for discounting receivables and any other non cash finance charges; and
- (d) any other non cash charges,

in each case as determined by reference to the most recent Issuer’s audited annual consolidated financial statements or Issuer’s unaudited semi-annual consolidated financial statements.

“Finance Income” means, in respect of any Relevant Period, the aggregate amount indicated as “Finance Income” (*Proventi Finanziari*) in respect of that Relevant Period, but excluding:

- (a) any non-recurring or extraordinary finance income deriving from early repayment of loans including as a result of property sales;
- (b) any non cash finance income on any derivative instruments and amortised cost;
- (c) any non cash finance income for discounting receivables and any other non cash finance charges; and
- (d) any other non cash income,

in each case as determined by reference to the most recent Issuer’s audited annual consolidated financial statements or Issuer’s unaudited semi-annual consolidated financial statements.

“Group” means the Issuer and its respective Subsidiaries, taken as a whole.

“IFRS” means the international financial reporting standards within the meaning of IAS Regulation 1606/2002.

“Indebtedness” means, without duplication, at any relevant determination date any indebtedness (whether not yet due and payable) of any member of the Group for or in respect of (i) any money borrowed in whatever form, (ii) any acceptance credit, bill acceptance or bill endorsement or similar facility, (iii) borrowed money evidenced by bonds, notes, debentures, loan stock or similar instruments whether secured or unsecured (excluding indebtedness to the extent that it is secured by Cash and Cash Equivalents or defeased indebtedness), (iv) any reimbursement obligations in respect of a bond, standby or documentary letter of credit or any other similar instrument, issued by a bank or financial institution, (v) the purchase price of any asset or service to the extent payable by a member of the Group after the time of sale or delivery to a member of the Group, where the deferred payment is arranged primarily as a method of raising finance but excluding the deferred purchase price of assets or services acquired in the ordinary course of business or otherwise arising from normal trade credit, (vi) the amount of any liability in respect of any lease or hire purchase contract that would, in accordance with the Accounting Principles, be treated as a finance lease or capital lease, (vii) amounts representing the balance deferred and unpaid for a period of more than 365 days of the purchase price

of any property except any amount that constitutes an accrued expense or trade payable, and (viii) any guarantee or indemnity issued in favour of a person outside the Group against loss in respect of any of the items referred to in paragraphs (i) through (vii) above, for another person.

“**Interest Cover**” means the ratio of Adjusted EBITDA to Net Finance Charges in respect of any Relevant Period.

“**Material Subsidiary**” means at any time a Subsidiary of the Issuer:

- (a) whose total assets (or, where the Subsidiary of the Issuer in question prepares consolidated accounts, whose total consolidated assets) at any relevant time represent no less than 10 per cent. of the total consolidated assets of the Group, as calculated by reference to the then latest consolidated audited accounts or consolidated six-month reports of the Issuer and the latest accounts or six-month reports of each relevant Subsidiary of the Issuer as restated in accordance with the Accounting Principles; or
- (b) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, *provided that*, as a result of such transfer, such Subsidiary’s assets shall represent at least 10 per cent. of the total consolidated assets of the Issuer and its Subsidiaries, as calculated pursuant to paragraph (a) above.

“**Net Finance Charges**” means, in respect of any period, the Finance Charges for that Relevant Period after deducting any Finance Income (*Proventi Finanziari*) for that Relevant Period.

“**Ordinary Shares**” means fully paid ordinary shares in the capital of the Issuer.

“**Reference Date**” means either 30 June or 31 December of each year as the context requires *provided that* the first Reference Date shall be 30 June 2015.

“**Relevant Period**” means each 12-month period ending on each Reference Date.

“**Reporting Date**” means a date falling no later than 30 days after (i) the approval by the Board of Directors of the Issuer’s consolidated financial statements, with respect to a Reference Date falling on 31 December, or (ii) the approval by the Board of Directors of the Issuer’s unaudited semi-annual consolidated financial statements, with respect to a Reference Date falling on 30 June, *provided that* the first Reporting Date shall be the date falling no later than 30 days after the approval by the Board of Directors of the Issuer’s unaudited semi-annual consolidated financial statements as of and for the period ended 30 June 2015.

“**Secured Debt**” means, at a Reference Date, the portion of the Total Debt at that Reference Date that is secured by a Security Interest on any asset of any member of the Group.

“**Security Interest**” means, without duplication, a mortgage, charge, pledge, lien or other security interest or other preferential interest or arrangement having a similar economic effect, excluding any right of set-off, but including any conditional sale or other title retention arrangement or any finance leases.

“**Shareholders**” means the holders of Ordinary Shares.

“**Subsidiary**” means, in respect of a person, at any relevant time (a) a company more than 50 per cent. of the Voting Rights of which are owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (b) any other company in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, also by way of shareholders’ agreements, has at least a majority ownership in the share capital with Voting Rights or in any event a dominant influence pursuant to Article 2359, paragraph 1, of the Italian Civil Code.

“**Total Assets**” means, on any given date, the aggregate value of the total assets of the Group as shown in whichever is the most recent between the last Issuer’s audited annual consolidated financial

statements and the last Issuer's unaudited semi-annual consolidated financial statements (as applicable) and adjusted to exclude any intangible assets.

“Total Debt” means, at a Reference Date, the aggregate amount of all Indebtedness of the Group as shown in the Issuer's audited annual consolidated financial statements or in the Issuer's unaudited semi-annual consolidated financial statements (as applicable) for that Reference Date.

“Unencumbered Total Assets Value” means, on any given date, the value of the Total Assets which are not subject to a Security Interest as shown in whichever is the most recent between the last Issuer's audited annual consolidated financial statements and the last Issuer's unaudited semi-annual consolidated financial statements, *provided that* the cash deposited on any pledged account of the Issuer or any of its Subsidiaries shall be accounted for as a part of the Unencumbered Total Assets Value as long as no cash trap event, cash sweep event or enforcement event is outstanding in respect of the relevant Secured Debt.

“Unsecured Debt” means, on any given date, Total Debt as shown in whichever is the most recent between the last Issuer's audited annual consolidated financial statements and the last Issuer's unaudited semi-annual consolidated financial statements excluding any Secured Debt as at such date.

“Voting Rights” means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

The Trust Deed provides that any certificate or report of the auditors or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

The Trust Deed provides that any certificate addressed to the Trustee and signed by one Authorised Officer of the Issuer as to the amount of Adjusted EBITDA, Net Finance Charges, Total Debt, Secured Debt, Total Assets, Unencumbered Total Assets Value or as to any other term or amount referred to in the Conditions or as to any of the ratios contained in this Condition 3 (or as to any other figure required for any other purpose in connection with the Conditions or the Trust Deed (unless expressly otherwise stated)) may, in the absence of manifest error, be relied upon by the Trustee (without liability to any person) and, if so relied upon, shall be conclusive and binding on the Issuer, the Noteholders and the Couponholders.

4 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues, present or future to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons and the Issuer's obligations under the Trust Deed the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity to the satisfaction of the Trustee or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In this Condition:

“Permitted Security Interest” means:

- (a) any Security Interest arising by operation of law in the ordinary course of trading;

- (b) any Security Interest in existence in respect of any asset or property of the Issuer or any of its Subsidiaries as at the Issue Date;
- (c) in the case of any entity which becomes a Subsidiary of any member of the Group after the Issue Date, any Security Interest securing Relevant Indebtedness existing over its assets at the time it becomes such a Subsidiary *provided that* the Security Interest was not created in contemplation of, or in connection with, such entity becoming a Subsidiary of any member of the Group and the amounts secured have not been increased in contemplation of or in connection with such entity becoming a Subsidiary of any member of the Group; and
- (d) any Security Interest created in substitution of any Security Interest permitted under paragraphs (a) to (c) above over the same or substituted assets *provided that* (A) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest and (B) in the case of substituted assets, the market value of the assets replaced does not exceed the market value of the new assets to be secured, as determined and confirmed in writing by the Issuer (acting reasonably).

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; *provided, however*, that any indebtedness represented by notes or similar instruments, issued by consolidated or non-consolidated special purpose vehicles in connection with the securitisation of assets, and in respect of which recourse is limited to such assets, shall not be deemed to constitute Relevant Indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include, whether granted by the Issuer or any of its Material Subsidiaries, any mortgages, bank loans, guarantee or indemnification obligations in connection with the securitisation of assets or financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under art. 2447 bis and ff. of the Italian Civil Code.

5 Interest

The Notes bear interest from and including the Issue Date at the rate of 2.125 per cent. per annum, payable annually in arrear on 30 March in each year (each an “**Interest Payment Date**”).

Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Note shall be calculated per €1,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 2.125 per cent., the Calculation Amount and the day-count fraction for

the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 30 March 2022 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 30 March 2015, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee a certificate signed by one Authorised Officer of the Issuer stating that the obligation referred to in (i) above has arisen and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(c) Redemption at the option of the Issuer

Unless a Put Event Notice has been given pursuant to Condition 6(d), the Issuer may at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable and shall specify the date fixed for redemption (the “**Optional Redemption Date**”)), redeem all, but not some only, of the Notes at a redemption price per Note (the “**Make Whole Amount**”) equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

- (i) 100 per cent. of the principal amount of the Note; and
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the Actual/Actual ICMA day count fraction) at a rate equal to the Interpolated Mid-Swap Rate in respect of the number of years to the maturity of the Notes calculated by the Issuer.

Any notice of redemption given under this Condition 6(c) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6(b).

For the purposes of this Condition 6(c):

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general

business (including dealing in foreign exchange and foreign currency deposits) in London and on which the TARGET System is operating;

“**Interpolated Mid-Swap Rate**” means the interpolation between the two Reference Mid-Swap Rates for a term equal to the Remaining Life taken at 3.00pm (London time) on the Reference Date;

“**Reference Date**” means the date which is two Business Days prior to the dispatch of the notice of redemption to Noteholders under Condition 6(c);

“**Reference Mid-Swap Rates**” means two rates each calculated as the average of the bid and ask reported by Intercapital Brokers (now ICAP plc) as published on the Thomson Reuters screen ICAPEURO (or such other page or service as may replace such page for the purposes of displaying such rate) for a 6 month Euribor swapped to fixed rate, one with a tenor rounding down and one with a tenor rounding up to the nearest whole year remaining until the Maturity Date of the Notes;

“**Remaining Life**” means from any date the number of years remaining until the Maturity Date, rounded down to three decimal places; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(d) **Redemption at the option of Noteholders upon a Change of Control**

If at any time while any Note remains outstanding, either of the following events shall occur (each, as applicable, a “**Put Event**”):

- (i) a Change of Control occurs and, on the occurrence of the Change of Control, the Notes are not rated by any Rating Agency and no Investment Grade Rating is obtained within such Change of Control Period by any Rating Agency; or
- (ii) a Change of Control occurs and, if at the start of the Change of Control Period the Notes are rated by any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs within such Change of Control Period,

the holder of each Note will have the option (a “**Put Option**”) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) or 6(c) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the date (the “**Put Date**”) which is seven days after the expiration of the Put Period (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Put Event has occurred the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of a Note must deposit such Note, together with each unmatured Coupon relating thereto (if any), with any Paying Agent at its specified office at any time during normal business hours of such Paying Agent falling within the period (the “**Put Period**”) from and including the date the Put Event Notice is given to and including the date 45 days after the date on which a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Put Notice**”). No Note so deposited and option so exercised may be withdrawn (except as provided in the Paying Agency Agreement) without the prior consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(d), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or Rating Downgrade or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control or Rating Downgrade has occurred or to seek any confirmation from any Rating Agency pursuant to this Condition 6(d) or pursuant to the definition of Rating Downgrade below, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or Rating Downgrade or other such event has occurred.

For the purposes of these Conditions:

“Acting in Concert” means a group of persons who, pursuant to an agreement or understanding, whether formal or informal, actively co-operate through the acquisition or control, whether directly or indirectly, of shares in the Issuer by any of them or otherwise, either directly or indirectly, to obtain or consolidate control of the Issuer;

a **“Change of Control”** shall be deemed to have occurred each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons Acting in Concert or any person or persons acting on behalf of any such person(s) (other than *Foncière des Régions*) (the **“Relevant Person(s)”**), at any time, whether directly or indirectly, acquires the control of the Issuer pursuant to Article 2359 paragraphs (1) and (2) of the Italian Civil Code;

“Change of Control Period” means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is 90 days after the date of the first public announcement of the relevant Change of Control (such 90th day, the **“Initial Longstop Date”**); *provided that*, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Notes, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 45 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Notes under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 75 days after the date of such public announcement by such Rating Agency;

“Investment Grade Rating” means an investment grade rating (this being equal to “BBB-” / “Baa3” / “BBB-” or better from Standard & Poor’s Credit Market Services Europe Limited and Moody’s Investor Services Limited and Fitch Ratings Limited, respectively) by a Rating Agency;

“Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or Relevant Person or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or Relevant Person or any such designated advisor to be intended to occur, within 90 days of the date of such announcement or statement);

“Rating Agency” means any of the following: (a) Standard & Poor’s Credit Market Services Europe Limited; (b) Moody’s Investor Services Limited; or (c) Fitch Ratings Limited; and

a “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (a) withdrawn or (b) changed from an Investment Grade Rating to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (c) if such rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents).

(e) **Notice of redemption**

All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) **Purchase**

The Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price (*provided that*, if they should be cancelled under Condition 6(g) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a). Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Paying Agent for cancellation.

(g) **Cancellation**

All Notes which are (i) purchased by or on behalf of the Issuer or any such Subsidiary of the Issuer and surrendered for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them (other than any Notes or Coupons purchased in the ordinary course of a business of dealing in securities) will be cancelled and may not be re-issued or resold.

7 **Payments**

(a) **Method of Payment**

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) **Payments subject to fiscal laws**

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Surrender of unmatured Coupons**

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later

than 10 years after the Relevant Date (as defined in Condition 8) for the relevant payment of principal.

(d) **Payments on business days**

A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 7 falling after the due date. In this Condition “**business day**” means a day on which commercial banks and foreign exchange markets are open in the relevant city.

(e) **Paying Agents**

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, *provided that* it will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least two major European cities approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

8 **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (a) presented for payment in the Republic of Italy; or
- (b) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (c) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (d) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
- (e) in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (f) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (g) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (h) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a presentation date pursuant to Condition 7 (*Payments*)).

“**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed; and

“**Relevant Jurisdiction**” means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

9 Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) Non-Payment

the Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of 5 Business Days in the case of principal and 5 Business Days in the case of interest; or

(b) Breach of Other Obligations

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 60 days after notice of such default shall have been given to the Issuer by the Trustee; or

(c) Cross-Acceleration

(i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, *provided that* the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds €20 million or its equivalent; or

(d) Enforcement Proceedings

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or (in the opinion of the Trustee) a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed

within 90 days, *provided that* this paragraph (d) shall not apply to any proceedings against the Issuer or a Material Subsidiary brought by a third party other than an administrative or judicial authority where the Issuer can demonstrate that any such proceedings are being contested or opposed by the Issuer or the Material Subsidiary in good faith, diligently and by appropriate proceedings in a competent court; or

(e) **Security Enforced**

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person), unless any such enforcement action has been stayed within 90 days or the Issuer can demonstrate that any such enforcement action is being contested or opposed by the Issuer or the Material Subsidiary in good faith, diligently and by appropriate proceedings in a competent court; or

(f) **Insolvency**

an Insolvency Event occurs in relation to either the Issuer or any of its Material Subsidiaries or the Issuer or any of its Material Subsidiaries becomes Insolvent (other than for the purpose of or pursuant to a Permitted Reorganisation); or

(g) **Cessation of business**

the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business other than for the purposes of, or pursuant to, a Permitted Reorganisation; or

(h) **Illegality**

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed.

For the purposes of this Condition:

“**Insolvent**” means that the Issuer or any of its Subsidiaries is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or is insolvent; and

an “**Insolvency Event**” will have occurred in respect of the Issuer or any of its Material Subsidiaries if:

- (a) any one of them becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (including, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which it is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or in the opinion of the Trustee a substantial part of its undertaking or assets are subject to a *pignoramento* or similar procedure having a similar effect, unless such proceedings are being disputed in good faith with a reasonable prospect of success;
- (b) an application for the commencement of any of the proceedings under (i) above is made in respect of or by any one of them or the same proceedings are otherwise initiated against any one of them or notice is given of intention to appoint an administrator in relation to the Issuer and the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success;

- (c) any one of them takes any action for a re-adjustment or deferral of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any of its indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer or a Material Subsidiary of the Issuer (except a winding-up for the purposes of a Permitted Reorganisation) or any of the events under article 2484 of the Italian civil code occurs with respect to any one of them; and

“Permitted Reorganisation” means:

- (a) any transaction the terms of which have been previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (b) any other solvent amalgamation, merger, demerger or reconstruction involving, or sale or contribution of all or substantially all of, the assets of any Material Subsidiary *provided that* such amalgamation, merger, demerger or reconstruction involves only entities within the Group; or
- (c) any other solvent amalgamation, merger, demerger or reconstruction involving, or sale or contribution of all or substantially all of, the assets of any Material Subsidiary under which the assets and liabilities (1) are assumed by an entity outside the Group resulting from such amalgamation or merger or (2) in the case of a demerger or reconstruction the liabilities relating to the assets are also assumed by an entity outside the Group or, (3) in the case of a sale or contribution of assets, the entity outside the Group acquiring the assets assumes any liabilities relating to such assets, *provided that* the covenants of Condition 3 (*Covenants*) shall be complied with following the completion of such transaction, unless such amalgamation, merger, demerger or reconstruction has been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (d) any other solvent amalgamation, merger, demerger or reconstruction involving, or sale of all or substantially all of the assets of, the Issuer to an entity *provided that*:
 - (i) such entity assumes all the obligations of the Issuer in respect of the Notes, and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee, on behalf of the Noteholders, confirming the same prior to the effective date of such amalgamation, merger or reconstruction; and
 - (ii) the covenants of Condition 3 (*Covenants*) shall be complied with following the completion of such transaction, unless such amalgamation, merger, demerger or reconstruction has been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

10 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

11 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (*provided that* the requirement is reasonable in the light of prevailing market

practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy for convening meetings of the Noteholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed. The above provisions are in any case subject to compliance with mandatory laws, rules and regulations of the Republic of Italy in force from time to time.

The quorum and the majorities for passing resolutions at any such meetings are established by Article 2415 of the Italian civil code, the Issuer's by-laws and Legislative Decree No. 58 of 24 February 1998, as amended.

Resolutions passed at any meeting of the Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Noteholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Noteholders' interest hereunder and to give execution to the resolutions of the meeting of the Noteholders. The *rappresentante comune* shall have the powers and duties set out in Article 2418 of the Italian civil code.

The Trustee may obtain and rely on such legal advice as it may deem necessary on all applicable Italian laws and regulations governing the procedure for calling and holding such meetings and shall not be responsible for any delay occasioned in obtaining such advice. All costs and expenses incurred in respect of such legal advice provided to the Trustee should be borne by the Issuer. Any meeting shall be held on a date and at a time and place approved by the Trustee.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed *provided that* such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or

Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such actions, steps or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and /or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice (without liability to any person) and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, when such notice is filed in the Companies Announcement Office of the Irish Stock Exchange. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Governing Law

(a) Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (“**NGN**”) form. On 13 June 2006, the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006, will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €99,000 each, at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Paying Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*).

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €99,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Conditions as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of the Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note “**business day**” means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 6(d) (*Redemption at the option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note (or, as the case may be, by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or, as the case may be, the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be filed with the Companies Announcement Office of the Irish Stock Exchange.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to €123,652,500 after deduction of the commissions and the other expenses incurred in connection with the issue of the Notes, will be used by the Issuer to refinance existing indebtedness expiring in 2016 (see “*Description of the Issuer - Financial Overview*”) and for general corporate purposes.

DESCRIPTION OF THE ISSUER

Overview

Incorporation and status

Beni Stabili S.p.A. Siiq (the “**Issuer**” or “**Beni Stabili**”) is a company limited by shares (*società per azioni*) and a listed real estate investment company (*società di investimento immobiliare quotata*) incorporated under the laws of Italy, with its registered office in Rome, at Via Piemonte 38, and its head office in Milan, Via Cornaggia 10. It is registered with the Companies Register of Rome under number 00380210302, VAT number 04962831006. Its telephone number is + 39 06 362221.

The Issuer was incorporated on 13 November 1940 and its corporate duration, subject to extension, runs until 31 December 2100. The Issuer is the parent company of the Beni Stabili Group (the “**Group**” or the “**Beni Stabili Group**”), which operates in the business of property management and investment in Italy.

The Issuer’s ordinary shares have been listed on the MTA of the Italian Stock Exchange since 1999 and also on Euronext in Paris, France, since June 2010.

Foncière des Régions S.A., which holds approximately 48.313 per cent. of Beni Stabili’s share capital, directs and coordinates the activities of the Issuer pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

History

The Issuer was incorporated by a number of private investors in 1940 under the name of “Soc. An. Commerciale Immobiliare Padovana” and in 1987 it changed its name to “Beni Stabili S.p.A.”. In 1997, the Issuer was subject to a financial restructuring and control of the Issuer was transferred to the Italian banking group currently known as Intesa Sanpaolo. In 1999, the Intesa Sanpaolo group spun off its real estate assets and the Issuer and the Issuer’s ordinary shares were listed on the MTA of the Italian Stock Exchange on 2 November 1999. In 2000, the Issuer bought a material part of Telecom Italia’s real estate assets for a total value of approximately €2.9 billion. The Issuer subsequently transferred part of the assets to a newly incorporated company Imser S.r.l., now Imser 60 Siinq S.p.A.

In 2001, Compagnia Finanziaria d’Investimento S.p.A. (“**CFI**”) acquired 29.4 per cent. of the Issuer’s capital from its previous majority shareholders. Subsequently, in 2004, the Leonardo Del Vecchio family, through La Leonardo Finanziaria S.r.l., acquired the entire capital of CFI and increased its stake in the Issuer up to 34.6 per cent. through a public tender offer in the same year. In 2007, Mr. Del Vecchio signed an agreement with Foncière des Régions (“**FdR**”) transferring his investment in the Issuer to FdR in return for a stake of approximately 18 per cent. in FdR. As a consequence, FdR became the majority shareholder of the Issuer, with a stake of 34.6 per cent. Subsequently, FdR launched a public tender offer for all of the Issuer’s ordinary shares, obtaining a stake in the Issuer equal to 68.1 per cent.

In 2010, the Issuer’s Ordinary Shares were admitted to listing on the Euronext in Paris, France.

In 2010, FdR distributed to its shareholders approximately 15.5 per cent. of the Issuer’s shares as a dividend in order to allow the Issuer to achieve REIT (Real Estate Investment Trust) (an Italian *Siiq – Società Immobiliare di Investimento Quotata*) status. After payment of this dividend, and the private placement in 2010 of additional Beni Stabili shares owned by FdR and Beni Stabili itself, FdR’s stake in the Issuer fell to approximately 50.857 per cent.

In January 2011, the Issuer adopted the “Siiq” regime. Accordingly, the Issuer and its main subsidiaries investing in offices and retail space are exempt from corporate and local taxes on net rental income and are bound to distribute annually at least 70 per cent. of the net rental income received, as set out in the relevant annual statutory financial statements of the Issuer.

At the end of October 2014, the Issuer completed a capital increase for approximately €149.7 million, issuing 353,122,982 new ordinary shares (each with a nominal value of €0.10 and having the same characteristics as the existing shares of the Issuer). See “*Capital Increase*”.

Business

The Beni Stabili Group is one of the leading property investment and management groups in Italy and its assets are located primarily in Northern and Central Italy.

The corporate objects of the Issuer, as set forth in and subject to its by-laws, can be summarised as follows:

- real estate activities, both in Italy and abroad, including the acquisition, disposal, exchange and construction of buildings, the management of easements and the registration of mortgages thereon;
- constructing new buildings, and refurbishing and converting existing buildings, either acting alone or in conjunction with third parties;
- the division into lots of farming and building lands;
- participation in consortia for the construction of building complexes; and
- renting (either for itself or on behalf of third parties), administering buildings and other real estate assets, managing real estate entities, and acquiring interests in other companies.

Principal activities

The Group's principal activities are the management and development of the real estate portfolio owned by the Group and the management of real estate funds on behalf of third parties. The Group primarily invests in office and retail properties in Italy; it is also directly active in the property development sector.

The Group's real estate portfolio can be divided as follows:

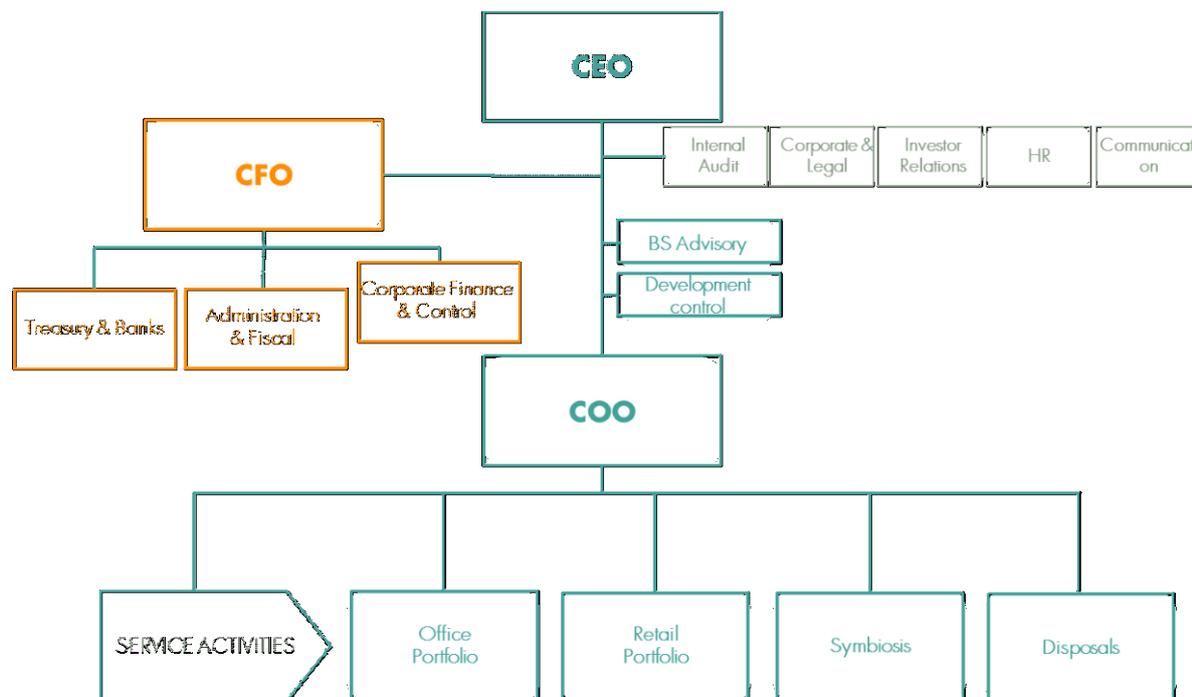
- the “**Core Portfolio**”, which includes high-quality properties, most of which are located in major cities in northern and central Italy and leased to major corporate and financial institutions pursuant to medium to long-term contracts;
- the “**Development Portfolio**”, which includes properties and building sites to be renovated, converted and developed, with a primary focus on the office segment of the property market, and with the aim of developing properties mainly for the rental business of the Issuer; and
- the “**Dynamic Portfolio**”, a real estate portfolio which is actively managed in order to optimise value through letting, renovation and disposal.

In addition, the Group has interests in:

- a fund management business, through Investire Immobiliare SGR S.p.A. (formerly Beni Stabili Gestioni SGR S.p.A.) to which the Issuer transferred its fund management business in December 2014. The Issuer owns 17.9 per cent. of the new entity which manages 33 real estate funds with an aggregate value of approximately €7 billion. The new entity is controlled by the group Banca Finnat which holds a 50.16 per cent. stake.
- property services for the Group and to third parties, through its subsidiary Beni Stabili Property Services S.p.A., in which the Issuer has a 37 per cent. stake.

Business Overview of the Beni Stabili Group

As illustrated in the following chart, the portfolio owned by the Beni Stabili Group is managed by asset managers with product area specialisations (office, retail, disposals and the Symbiosis project), with the support of a number of separate service providers (engineering and product innovation & sustainability):



The Group's property assets portfolio is divided for management purposes into three categories - Core Portfolio, Development Portfolio and Dynamic Portfolio. Key information relating to the three portfolios is summarised in the following table:

At 31 December 2014								
No. of properties	Gross leasable area (excl. Land) (sqm)	IAS value of the assets (Euro '000)	IAS value on total portfolio (%)	Annual rent (Euro '000)	Gross yield as percentage of market value (%)	Occupancy rate	Topped-up Yield (%)	
Core Portfolio	214	1,725,901	3,767,636	92.1	216,448	5.7	95.2	6.1
Development Portfolio	2	0	180,680	4.4	0	0.0	0.0	—
Dynamic Portfolio	37	94,627	143,175	3.5	2,223	1.5	30.1	2.0
Total.....	253	1,820,528	4,091,491	100.0	218,671	5.3	91.8	—

The total real estate portfolio is concentrated in Milan (46,3 per cent.) and Rome (9 per cent.)².

The “**Core Portfolio**” includes high quality properties, most of which are leased on medium/long-term lease contracts to reputable corporate tenants. The strategy for the Core Portfolio consists of medium/long-term management with the aim of reinforcing relationships with the current tenants and developing future opportunities. The core business aim for these properties is optimisation of rental returns with the target of achieving full occupancy at rents in line with the market.

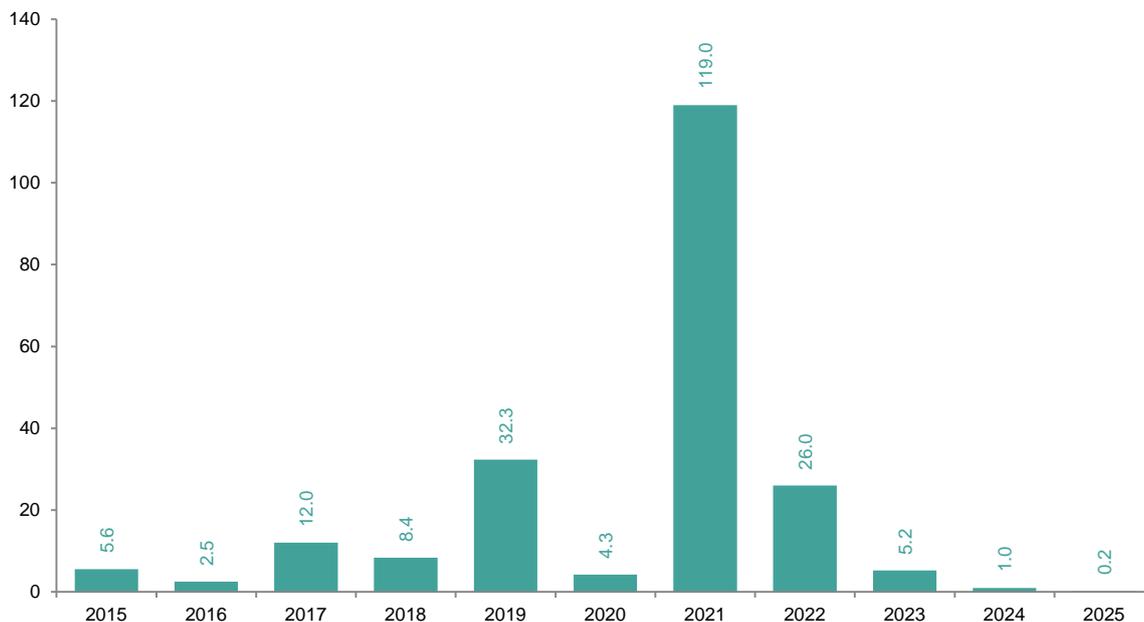
As at 31 December 2014, the Core Portfolio includes 214 properties, mainly for office use, with a total carrying (IAS) value of €3,767.6 million, representing approximately 92.1 per cent. of the Group's entire real estate portfolio.

As at 31 December 2014, the occupancy rate of this real estate portfolio, with a total leasable surface area of 1,725.901 sqm, was 95.2 per cent.

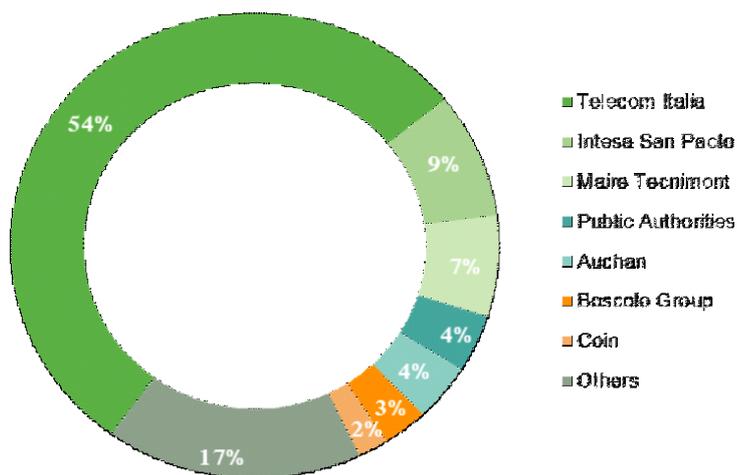
² IAS Value

As at 31 December 2014, the Annual Rental Income equalled €16.4 million, corresponding to a gross yield on market value of 5.7 per cent. (or 6.1 per cent. after the expiry of all existing contractual incentives and step-up provisions). The average duration of these contracts is 6.3 years.

The following table shows the maturity of the lease agreements currently in force and their cumulative rental income in millions of Euro.

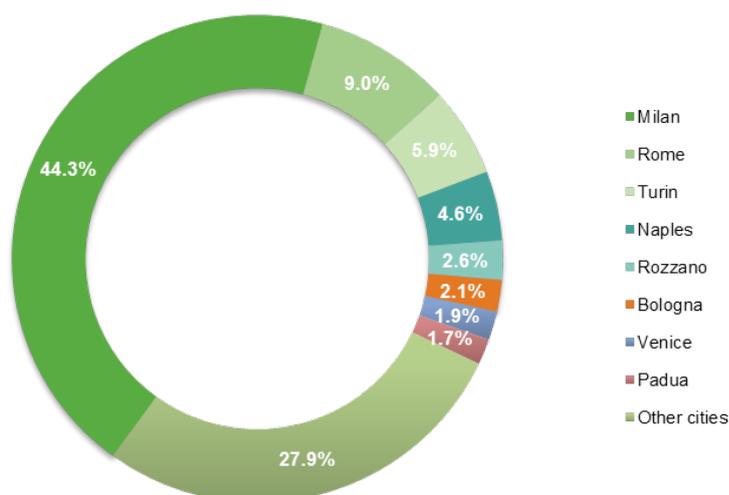


As at 31 December 2014, our primary tenants by revenue³ are:



³ The Telecom Italia lease contract will expire in 2021, with an option in favour of the tenant to extend such term to 2027.

As at 31 December 2014, approximately 53.3 per cent. of the Group's portfolio of properties by value are concentrated in Milan and Rome (44.3 per cent. and 9 per cent., respectively). The remainder of the portfolio consists mainly of Telecom Italia properties.



As at 31 December 2014, approximately 91 per cent. of the Core Portfolio consists of offices (including also a hotel in the centre of Milan), while the remaining 9 per cent. consists of retail buildings. There are some buildings belonging to the Core Portfolio that are subject to renovations such as Piazza San Fedele in Milan. During the 2014 financial year works started for the modernisation project of a portion of the Milan, Piazza San Fedele property (3,955 square metres of office space and residential use, in addition to warehouses, out of a total of 5,619 square metres) which involves the construction of new building systems, decorating and replacement of doors and windows, and at the date of this Prospectus it is substantially completed. The improvement in terms of energy efficiency will lead to a class-B building. As far as the rental aspect is concerned, the portion being renovated is entirely covered by lease contracts or preliminary lease agreements for rents amounting to approximately €2.180 million per year, whereas the portion for residential use was sold in December 2014.

The “**Development Portfolio**” includes properties and sites to be renovated, converted and developed. The strategy for this portfolio involves developing properties and/or portfolios of properties predominantly for office and commercial use, primarily for the rental business of the Issuer.

As at 31 December 2014, this category includes two development projects with a carrying (IAS) value of €180.7 million, representing 4.4 per cent. of the Group's entire real estate portfolio:

(i) **Symbiosis project (Area in Milan, via Ortles-via Adamello-via Orobia).**

The project consists of the development of an abandoned industrial area, with a land area of about 74,100 square meters, owned by Sviluppo Ripamonti S.r.l. The development project provides for the construction of about 105,000 square metres of above-ground buildings for commercial and production use, and 15,000 square metres of parking. The area has significant importance for the Municipality of Milan and it is being developed also in preparation for the World Fair of Milan, Expo 2015 (“**Expo 2015**”). The new Museum of Contemporary Art promoted by the Prada Foundation will open in the grounds in May 2015.

During 2014 the update of the master plan was completed, so that, while keeping the overall building volume unchanged, the new master plan changed the buildings' shape to more adequately meet the planning needs of each building. Moreover, the agreement relating to the monetisation of urban standards was completed.

The reclamation activities have been completed and the executive plan of the buildings of the first lot is underway in accordance with the Greenbuilding approach that requires LEED pre-certifications. The urban development project was completed, the relevant permission to build issued by the Municipality of Milan was collected and the assignment of the works to contractors is in progress.

The changed conditions and prospects of Italy, both in terms of financial stability and potential developments, combined with the Expo 2015 event, led the Group to fix the launch of the first phase of the project in 2015. All these elements, together with the ability of the Group to successfully complete and rent projects, including projects of a substantial size, is an important element of risk mitigation related to the decision to perform in parallel, limited to the first phase, construction and marketing activities. The first phase of the project concerns the construction of the first building for a total of 11,650 square meters of office, the square outside and underground parking.

(ii) Area in Milan, via Schievano.

This project involves an area of 17,000 square metres of land 80 per cent. held through the joint venture Beni Stabili Development Milano Greenway S.p.A. (in which Beni Stabili Group holds an 80 per cent. stake). The urban development project was completed and is currently under approval by the Municipality of Milan in order to issue a building permit in relation to the urbanisation works. Moreover, the reclamation works which started in 2013 were completed. The development project is planned for sale and therefore reclassified among “properties for sale”.

Note that during the 2014 financial year, the following projects were substantially completed and reclassified in the Core Portfolio:

- (i) the modernisation project of the property in Rome, Via dell’Arte (5,099 square meters of office space and 1,301 square meters of parking and underground warehouses), which involved the replacement of the outside of the building, the replacement of building systems and redecoration, with an improvement of the energy class (class-B). Rental contracts or preliminary contracts signed to date total approximately €1.800 million per year in terms of rents, covering an area equivalent to 90 per cent. of the entire building; and
- (ii) the enhancement project of the property in Milan, via San Nicolao (10,100 square meters of offices and shops and 1,600 square metres of warehouses and garage) based on a sustainable approach, following the Green Rating Protocol and through pre-certifications. In particular, the replacement of the outside of the building, the replacement of building systems and redecoration enabled us to optimise the energy performance of the building, which currently falls under class-A. With reference to the rental status of the property, during 2014, a lease contract was signed for the entire property that envisages a topped-up annual rent of €5.4 million, effective as from January 2015.

The “**Dynamic Portfolio**” includes a real estate portfolio which is actively managed in order to optimise value through letting, renovation and subsequent disposal. As at 31 December 2014, the Dynamic Portfolio included 37 properties with a total carrying (IAS) value of €143.2 million representing approximately 3.5 per cent. of the Group’s entire real estate portfolio.

Property assets

The consolidated carrying amount of the property portfolio totals €4,091.5 million, while the market value of the property portfolio (determined on the basis of the latest appraisals of Jones Lang LaSalle, REAG American Appraisal and Yard) totalled €4,093.0 million as at 31 December 2014. The carrying amount of the properties corresponds to the fair market value of the properties, except for trading properties and development projects at an early stage of development, which are accounted for at the lower of cost and fair market value. Operating properties are accounted for at amortised cost. The following table illustrates the composition of the Group’s property assets as at 31 December 2014, classified in accordance with the relevant accounting categories.

Group's property assets as at 31 December 2014		(€ '000)
Investment property		3,736,760
Property held for sale.....		122,936
Property under development.....		149,740
Trading property.....		63,305
Operating property*.....		18,750
Total property assets		4,091,491

Note:

* Operating properties refer to the portions of the properties in Via Cornaggia (Milan) used as Group offices.

The following table illustrates the composition of the Group's property assets as at 31 December 2014, classified for management purposes into the three categories described above:

Portfolio as at 31 December 2014	Carrying amount	Market value
	(€ '000)	
Core portfolio *	3,767,636	3,768,916
Development portfolio.....	180,680	180,680
Dynamic portfolio.....	143,175	143,431
Total.....	4,091,491	4,093,027

Note:

* Also includes operating properties in Milan, Via Cornaggia.

Trends in Key Performance Indicators of the Group

Over the past few years, the Beni Stabili Group has registered a positive trend in its key performance indicators.

For the purposes of this section, capitalised terms shall have the following meanings:

“**Accounting Gross Rents**”: means the gross rents as reported in the annual and interim financial reports of the Issuer.

“**Annual Rental Income**”: means the rent of the most recent month multiplied by 12.

“**Exit Yield**”: means the ratio between annual rent and gross selling price.

“**Gross Yield**”: means the annualised rental income based on the cash rents passing at the balance sheet date, divided by the market value of the property.

“**Like-for-Like Growth Ratio**”: means the ratio calculated on the stabilised portfolio as the growth rate which is influenced by: (a) the effect of the inflation indexation; (b) the effect of an increase/decrease in the vacancy rate of the stabilised portfolio, except for development assets already pre-let; and (c) the effect of renegotiating rents with existing or new tenants. The stabilised portfolio is considered as the portfolio adjusted by sales and re-classifications of assets from one portfolio to another (movements between Core, Dynamic and Development).

“**Loan-To-Value Ratio**” means the ratio between the net debt and the value of the relevant portfolio.

“**NNNAV**”: means the triple net asset value, *i.e.*, the net asset value adjusted to include: (a) fair value of financial instruments; (b) fair value of debt; and (c) deferred tax.

“**EPRA Recurring Net Income**”: means a performance indicator calculated by adjusting the consolidated net income, excluding: (a) the contribution margin sales (capital gains and related costs) and financial costs arising from the early repayment of loans and financial instruments; (b) the non-cash items (items for valuation on real estate and financial instruments, depreciation, etc.); and (c) items of significant extraordinary and non-recurring nature.

“**Topped-up Gross Yield**”: means the Gross Yield adjusted in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

The value of Accounting Gross Rents grew from €13 million in 2008 to €29 million in 2014.

EPRA Recurring Net Income, calculated on the basis of the recommendations of the European Public Real Estate Association, more than doubled from 2008 to 2014, increasing from €42.1 million to €87.2 million, respectively. This trend was influenced significantly by the adoption of the Siiq regime in 2011, which exempted rental income from corporate and local taxes, which taxes had previously accounted for approximately 32 per cent. of pre-tax income.

In the past five years, the value of the Group’s real estate portfolio has remained substantially stable, despite the challenging economic environment during this period and amounted to approximately €4,093 million as at 31 December 2014.

The NNNAV (diluted per share) in 2008 amounted to €1.074 per share while as at 31 December 2014⁴ it had decreased to €0.797, mainly as a result of the capital increase undertaken in October 2014.

In the 2008-2014 period the Beni Stabili Group achieved a significant asset rotation in terms of the value of disposed assets, the value of the capex on current assets and the acquisition of new assets. During the same period, the Group invested €775.9 million⁵ in capex and acquisition balanced by €46.8 million of asset disposals⁶ sold at Exit Yields below 6 per cent. and above the last market valuation.

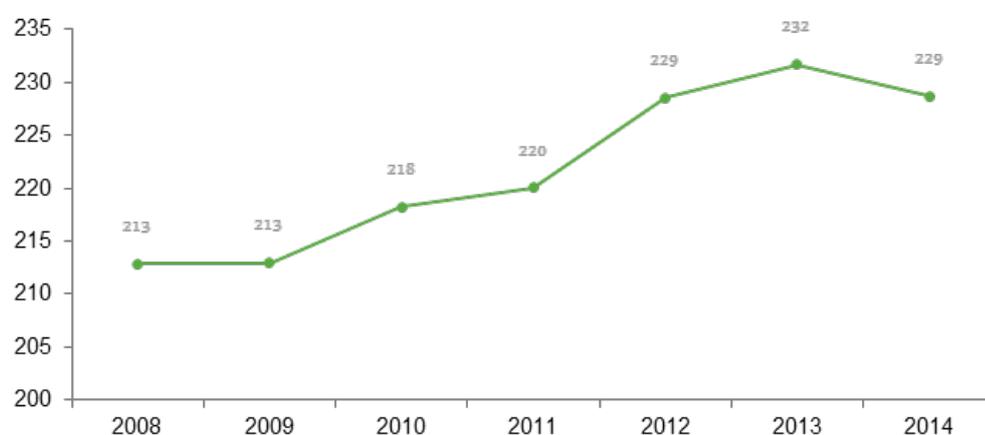
In relation to sales of properties, the ratio of preliminary sale agreements proceeding to closing increased from 69 per cent. in 2008 to 100 per cent. in 2010 and then decreased to 86 per cent. in 2012. This ratio was equal to 100 per cent. in 2014.

The Loan-to-Value Ratio of the Group’s asset portfolio remained substantially steady in the region of 50 per cent., increasing slightly from 49.7 per cent. in 2008 to 51.9 per cent. in 2012. As at 31 December 2014, the Loan-to-Value Ratio was 52.9 per cent.

In addition, in the 2008-2014 period, the Beni Stabili Group’s average cost of medium/long-term indebtedness remained substantially stable, apart from a reduction in 2011 which was due to the reduction of the reference rate that was partly offset by the increase of the spread. The relevant average interest rate decreased from 4.97 per cent. in 2008 to 3.86 per cent. in 2014.

The following charts summarise the trends in the key performance indicators of figures of the Group during the 2008-2014 period.

Accounting Gross Rents



⁴ The 2014 NNNAV is not diluted since according to IAS 33 and to EPRA guidelines as of 31 December 2014 there are no financial instruments “in the money” with dilutive effects on NNNAV.

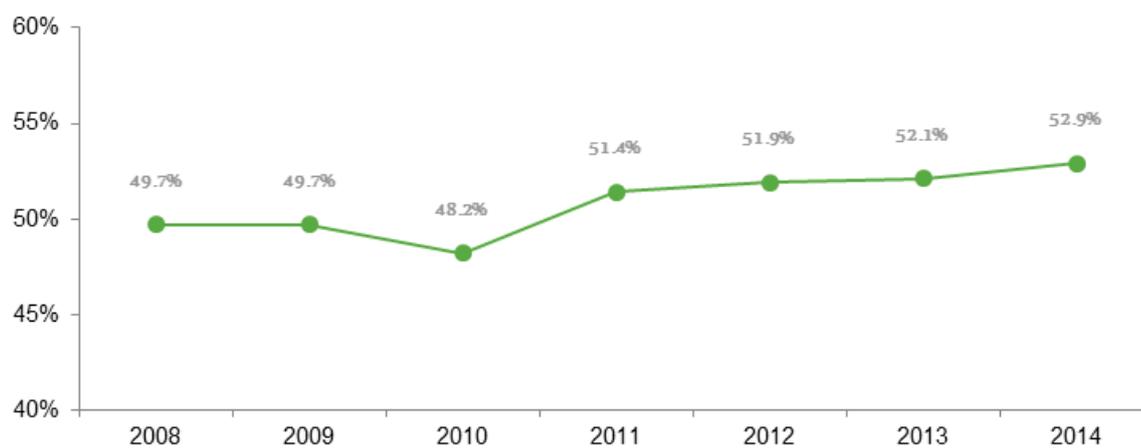
⁵ Capex refers to capitalised costs (excluding interest expenses and cost of personnel).

⁶ Gross selling price.

EPRA Recurring Net Income

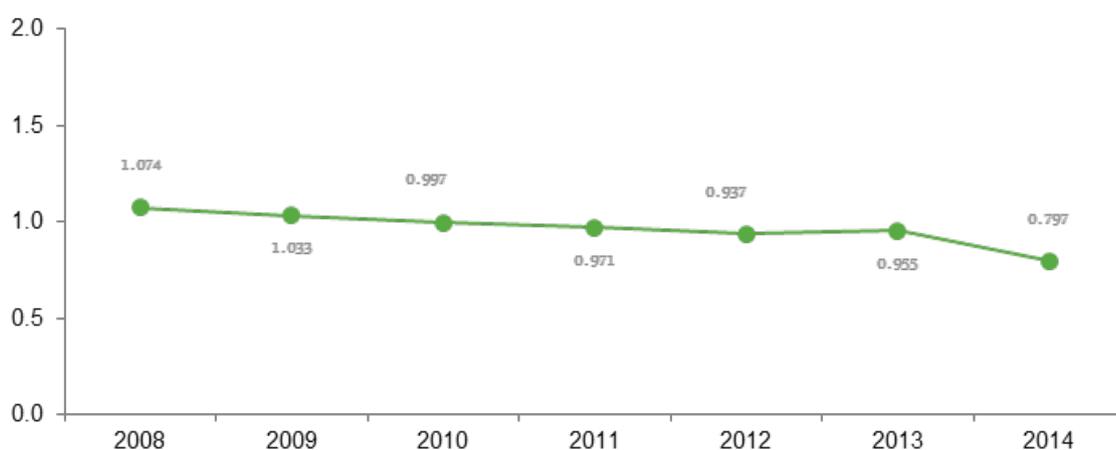


LTV



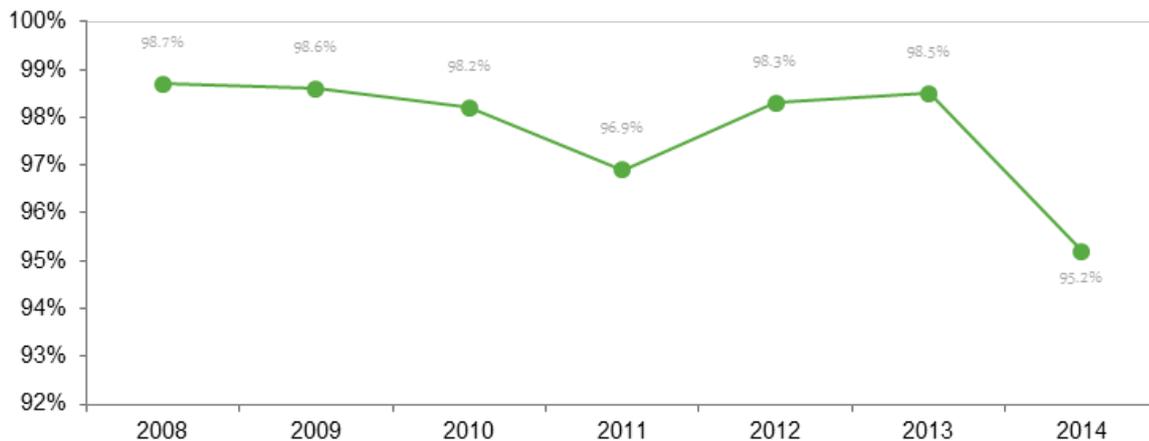
* IAS Net Debt/Portfolio IAS Value.

NNNAV per share, diluted (€)



* Please note that the 2014 NNNAV is not diluted since according to IAS 33 and to EPRA guidelines as of 31 December 2014 there are no financial instruments "in the money" with dilutive effects on NNNAV.

Occupancy rate on Core Portfolio

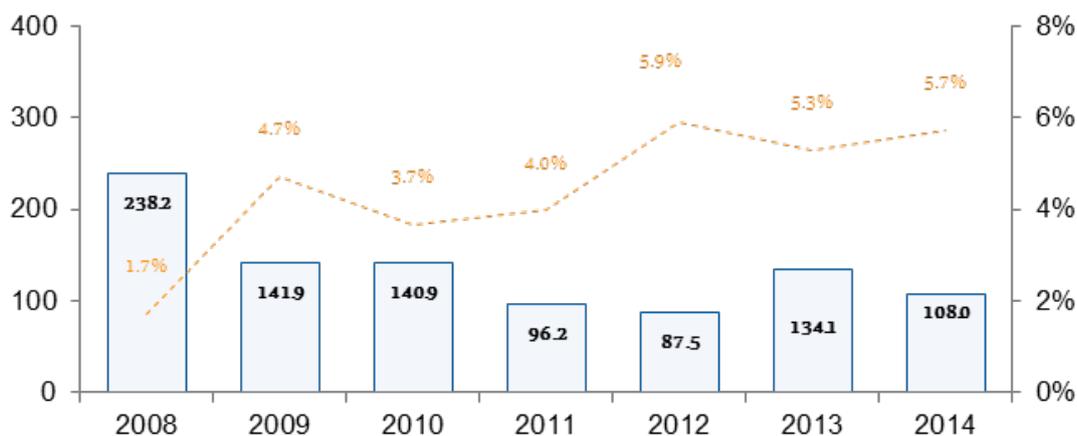


Asset Rotation Balance* (€m)



* “Capex” refers to capital costs (excluding capitalized interest expenses and cost of personnel)

Closings signed during the period (€m)



At year end 2014, in addition to the disposals mentioned above, preliminary agreements for about €4.8 million (6.9 per cent. exit yield) are outstanding. The outstanding preliminary agreements' amount also includes the preliminary agreements signed before year 2014 and not yet closed.

Recent Developments

During the first quarter of 2015, the Issuer entered into agreements regarding the disposal of assets worth €105 million, the closing of which agreements is subject to certain conditions precedent.

See also “Refinancing activities”.

Strategy of the Group

The Group's strategic objectives include the following:

- to keep and strengthen its focus on operating performance and active asset management, in order to encourage rental activity and defend property values;
- to continue the process of reduction of the Loan-to-Value Ratio in the medium term, while optimising maturity and cost of debt; and
- to reduce the percentage of secured debt in its debt structure.

Financial Overview

In 2014, the Group continued the effort to optimise its financial structure, refinancing all of its borrowings due for repayment in the year and part of its borrowings expiring in the following years, with the aim of increasing its average debt maturity and reducing the average financial cost.

The average maturity of medium-/long-term debt of the Group as at 31 December 2014 was around 2.95 years, which, taking into account the actions taken so far in 2015 (as detailed below), would be extended to 3.4⁷ years. Also the sources of financing have further been diversified reducing bank loans and increasing unsecured bonds (see the following charts below).

Refinancing of ImSer securitisation

On 18 September 2014, taking advantage of the positive financial market conditions, the debt securities of the Imser 60 S.p.A. Siinq (“**Imser**”) securitisation were redeemed early (and the related borrowings from banks were repaid). The securitisation had been put in place in 2002 to finance the real estate portfolio leased to Telecom Italia, belonging to Imser and maturing in 2021.

The financial resources required for the early repayment of the securitisation equal to approximately €55.8 million (including the costs of the capital increase completed in October 2014), were sourced as follows:

- €300 million, through a six-year mortgage loan granted by seven Italian and international banks;
- €200 million, through a two-year corporate loan granted by a group of three Italian and international banks;
- approximately €150 million, through a bridge loan, maturing at the end of December 2014, granted by a group of three Italian and international banks. This loan was repaid with the amounts raised from the capital increase of the Issuer, completed in October 2014; and
- the residual amount, through cash available to the Issuer.

The transaction allowed the Issuer to further optimise its financial structure. In particular, as a result of this transaction, cash financial charges will decrease on an annual basis by more than €30 million, significantly increasing the cash generation profile of the Group, without generating a significant impact on the Loan-To-

⁷ The average takes into account the repayment of the Convertible Bond 3.875% maturing in April 2015.

Value Ratio of the Group, thanks to the capital strengthening carried out with the capital increase described below.

Capital Increase

At the end of October 2014, the Issuer completed a capital increase for approximately €149.7 million, issuing 353,122,982 new ordinary shares (each with a nominal value of €0.10 and having the same characteristics as the existing shares of the Issuer), offered on a pre-emptive basis to the existing shareholders and to the convertible bondholders (at the ratio of 1 share to 8 option rights owned), at a price of €0.4240 each, of which €0.3240 was share premium.

The subscription price of the shares corresponds to a discount of approximately 27.5 per cent. on the theoretical Ex Right Price (TERP = 0.5850) of the shares of the Issuer, calculated on the basis of the closing price of the shares on 25 September 2014 (which was the date on which the Board of Directors established the final terms of the capital increase), of €0.6050.

The majority shareholder Foncière des Régions S.A. fully exercised the option rights pertaining to it, in full support of the capital strengthening operation.

As previously indicated, the financial resources deriving from the capital increase were used in full to repay the bridge loan of €50 million, necessary for the early repayment of the Imser securitisation.

Unsecured bonds

On 22 January 2014, Beni Stabili issued €350,000,000 4.125 per cent. Notes due 2018 (ISIN XS1019171427), which were admitted to listing on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market on the issue date. The Notes are senior unsecured bonds and issued in minimum denominations of €100,000.

On 28 March 2014, the Issuer issued €250,000,000 3.50 per cent. Notes due 2019 (ISIN XS1050546883), which were admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange's regulated market on the issue date. The Notes are senior unsecured bonds and were issued in minimum denominations of €100,000.

Refinancing activities

Proceeds from the issue of bonds and the raising of new loans during 2014 were used for the early repayment of loans (other than the early repayment, described above, of the Imser securitisation) maturing in 2014 and in the following financial years, as well as for the closing of the related hedging instruments, with a view to optimising the financial structure of the Group. In particular, during 2014, nine loans with a total nominal value (on the repayment date) of €602.1 million were repaid in advance and in full, whereas a loan of €1 million was repaid in advance but partially. As part of these repayments, the related hedging instruments covering the risk of interest rate fluctuations were closed in advance, for a cash outlay of €1.3 million.

In January 2015, the Issuer repaid in advance €7.0 million of a debt maturing in August 2015 and signed a mortgage loan agreement for an amount of €10 million maturing in January 2021. This loan is secured by mortgages on six properties, of which three are owned by the Issuer and three are owned by one of its subsidiaries. On the signing date, "Line A" for an amount equal to €47.6 million allocated to the Issuer's properties was drawn down whereas "Line B" for €62.4 million, allocated to the properties of the subsidiary, will be drawn down by 30 June 2015.

In March 2015, the Issuer negotiated the extension of another mortgage loan for an amount of €45 million expiring at the end of the month for an additional six years, reducing the margin but with the payment of an extension fee.

Finally, in April 2015, the Issuer intends to repay at maturity around €105.5 million of the convertible bonds 3.875 per cent. due 2015 in cash.

As at 31 December 2014, the gross accounting debt amounted to €2,323.1 million, broken down as shown in the following table:

Current Borrowings 31/12/14	Current	Non Current	Total Borrowings
		€ '000	
Loans			
Short term borrowings	0		0
Mortgage loans	348,041	582,080	930,121
Other loans.....	11	199,360	199,371
Annuity.....			
Subtotal m/l term Loans.....	348,052	781,440	1,129,492
Bonds in issue (total)			
Fixed.....	3,978	0	3,978
Variable	0	0	0
Convertible Bond 3,875% 2015.....	105,614	0	105,614
Convertible bond 3,375% 2018	3,463	217,004	220,467
Convertible bond 2,625% 2019	1,459	246,947	248,405
Senior bond 4.125%. due 2018.....	13,599	347,720	361,319
Senior bond 3.50% due 2019.....	6,591	247,224	253,816
Subtotal Bonds	134,704	1,058,895	1,193,599
Total current borrowings	482,756	1,840,335	2,323,091

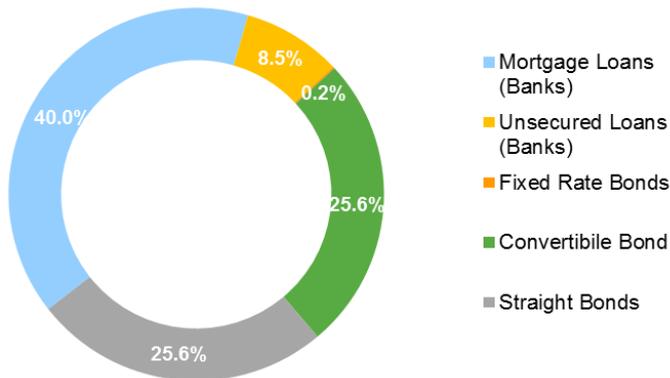
The following table and chart shows the breakdown of gross debt between secured and unsecured as of 31 December 2014:

Gross Accounting Debt Breakdown by Status



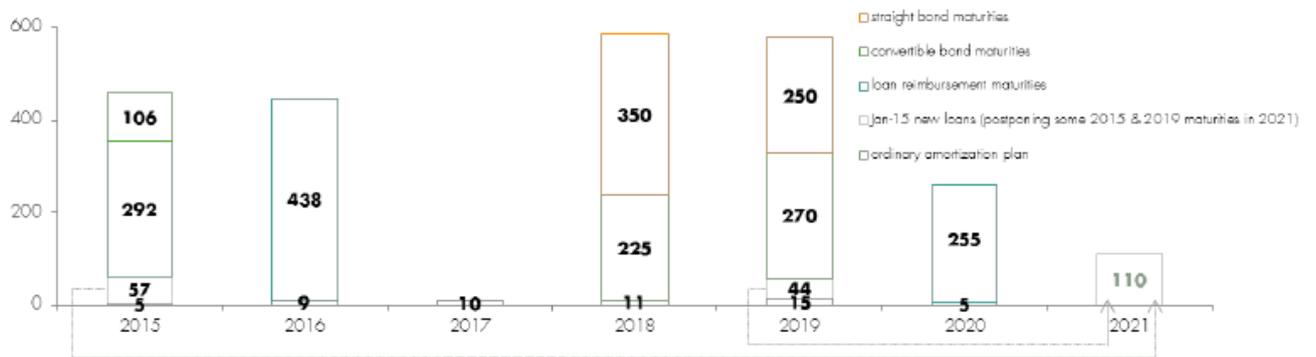
The following table and chart shows the breakdown of gross debt breakdown by type as of 31 December 2014:

Gross accounting debt breakdown by type



The following table and chart shows the maturity of long-term gross financial debt as of 31 December 2014:

Maturity of Long-Term Gross Financial Debt

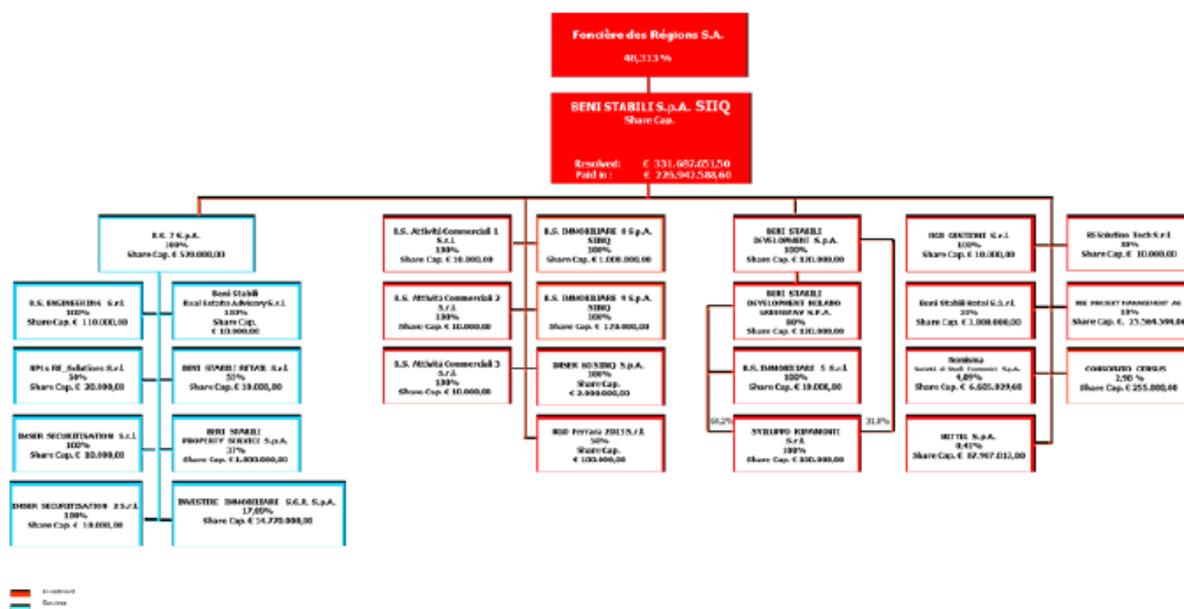


Note: Data as of 31 December 2014

The hedging ratio on total long-term debt as at 31 December 2014 is 84.7 per cent. and has remained stable above 80 per cent. during the past five years.

Group Structure

The Issuer is the parent company of the Group. The table below sets out the Issuer's consolidated subsidiaries as at the date of this Prospectus.



As at the date of this Prospectus, the activities of the Issuer are directed and coordinated, pursuant to Articles 2497 *et seq.* of the Italian Civil Code, by Foncière des Régions S.A.

Corporate Governance of the Issuer

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange are set forth in the Italian Civil Code, in Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (*Testo Unico della Finanza*) (the “**Consolidated Financial Act**”), and in the relevant implementing CONSOB Regulations.

The Issuer has adopted as its model for corporate governance the provisions of the Corporate Governance Code (*Codice di Autodisciplina*) (the “**Corporate Governance Code**”) originally approved in March 2006 by the Corporate Governance Committee of the Italian Stock Exchange (*Borsa Italiana S.p.A*) and subsequently amended in December 2011 and in July 2014.

The Issuer adopts a traditional governance system, consisting of the shareholders’ meeting, the board of directors and the board of statutory auditors.

The auditing of the Issuer’s financial statements is undertaken by an independent auditing firm enrolled with the specific register provided by the law.

Board of Directors

General

Pursuant to the Issuer’s by-laws, the board of directors may be composed of not less than five and not more than 15 members. As at the date of this Prospectus, Beni Stabili’s board of directors is composed of nine members, all of whom were appointed at the shareholders’ meeting held on 17 April 2013 and will remain in office until the date of the shareholders’ meeting that will be called to approve the Issuer’s 2015 non-consolidated financial statements.

Under the Issuer’s by-laws, the board of directors is responsible for the ordinary and extraordinary administration of the Issuer, and has the power to carry out all acts in order to implement and achieve the Issuer’s corporate purpose, save for those acts that are reserved to the shareholders’ general meetings.

The Issuer's corporate governance code furthermore specifies that the board of directors is responsible for, *inter alia*:

- devising and adopting the Issuer's corporate governance rules;
- defining the guidelines for the Group's corporate governance, reviewing and approving the strategic, business and financial plans of the Issuer and the Group and overseeing their implementation;
- reviewing and approving the business plan and annual budget of the Issuer and the Group and revisions thereof;
- subject to consultation with the Executive and Investment Committee, reviewing and approving significant investments, funding and refinancing transactions;
- reviewing and approving transactions of special economic or strategic significance as well as related party transactions; and
- assessing the adequacy of the overall organisational and administrative system of the Issuer and the Group.

Members of the Board of Directors

The following table sets forth the current members of Beni Stabili's board of directors (all domiciled for their office at the Issuer's registered office), their years of birth and the position they hold within the Issuer:

Name	Year of Birth	Position
Enrico Laghi *	1969	Chairman
Aldo Mazzocco**	1961	Chief Executive Officer
Christophe Kullmann	1965	Director
Leonardo Del Vecchio	1935	Director
Giacomo Marazzi *	1940	Director
Jean Gaston Laurent	1944	Director
Françoise Pascale Jacqueline Debrus *	1960	Director
Clara Pierfranca Vitalini *	1961	Director
Isabella Bruno Tolomei Frigerio *	1963	Director

* Independent directors in accordance with the criteria established in the Corporate Governance Code

** Executive director

As at the date of this Prospectus, Mr. Aldo Mazzocco holds 2,300,000 ordinary shares of the Issuer, corresponding to approximately 0.1 per cent. of Beni Stabili's share capital.

The following table sets forth the current positions held by the members of the board of directors with other companies which are significant with respect to the Issuer, and collects information received by the Issuer also for the 2014 Corporate Governance Report.

Member	Company	Position held
Enrico Laghi	Acea S.p.A.	Chairman of the board of statutory auditors
	Prelios S.p.A.	Chairman of the board of statutory auditors
	Unicredit S.p.A.	Statutory auditor
	Saipem S.p.A.	Director
Aldo Mazzocco	Foncière des Régions S.A.	General Director
	Assoimmobiliare	Chairman
	Investire Immobiliare SGR S.p.A.	Chairman, board of directors
	EPRA – European Public Real Estate Association	Member of the board
Leonardo Del Vecchio	Foncière des Régions S.A.	Vice Chairman
	Luxtica Group S.p.A.	Chairman, board of directors
	Kairos Julius Baer SIM	Director
	Delfin S.à r.l.	Director

Member	Company	Position held
	Aterno S.à r.l.	Director
Christophe Joseph Kullmann	Foncière des Régions S.A.	General Manager, director
	Foncière des Murs S.c.a.	Chairman of supervisory board (<i>Conseil de Surveillance</i>)
	IMMEO WOHNEN GmbH	Member of supervisory board (<i>Conseil de Surveillance</i>)
	Foncière Développement Logements S.A.	Director
	Gfr Kleber S.ar.l.	Manager
	Bp 3000 S.A.	Legal representative of Urbis Park, director
	Technincal S.a.s.	
	S.c.i. Esplanade Belvedere II	
	S.c.i. Raphael	
	S.c.i. Le Ponant 1986	
	S.c.i. Omega A	Legal representative of Foncière des Régions, Manager
	S.c.i. Omega C	
	S.c.i. Ruhl Cote D'Azur	
	S.c.i. Latecoere	
	S.c.i. Latecoere 2	
S.c.i. 11 Place de L'Europe		
EPRa – European Public Real Member of the board Estate Association		
Jean Laurent	Foncière des Régions S.A.	Chairman of the Board of directors
	Danone S.A.	Director, chairman of the corporate social responsibility committee, chairman of the nomination and remuneration committee
	Eurazeo S.A.	Vice-chairman of the supervisory board (<i>Conseil de Surveillance</i>), chairman of the internal audit committee
Giacomo Marazzi	Gruppo Cementi Rossi S.p.A.	Director
	Sirap Gema S.p.A.	Director
	Insulation System S.p.A.	Director
	Salini Impregilo S.p.A.	Director
François Debrus	Foncière des Murs S.c.a.	Member of the supervisory board (<i>Conseil de Surveillance</i>)
	Foncière Développement Logements S.A.	Member of the supervisory board (<i>Conseil de Surveillance</i>)
	Altarea S. A.	Director
	Ramsay Sante S.A.	Director
	Korianmedica	Director
	Eurosic S.A.	Director
Clara Pierfranca Vitalini	Calenti & Partner S.r.l.	Partner
Isabella Bruno	Ferfina S.p.A.	Chairman
Tolomei Frigerio	Condotta Immobiliari S.p.A.	Vice-Chairman
	Società Italiana per Condotta d'Acqua S.p.A.	Member of the supervisory board

Member	Company	Position held
	Assoimmobiliare	Director
	Fondo Italiano D'Investimento SGR S.p.A.	Director
	Credito Valtellinese S.c. p.A.	Director

Election of Board of Directors

The members of the Issuer's board of directors are appointed or removed by shareholder resolutions. In the event a member resigns, the board of directors may appoint a temporary director to serve until a new director can be elected by a shareholders' meeting.

The Issuer's by-laws establish a cumulative voting system for the election of the members of the board of directors whereby any shareholder, or group of shareholders acting together, that holds at least the requisite percentage as established from time to time by CONSOB of the share capital of the Issuer carrying the right to vote is entitled to present a list of potential directors.

Committees

As provided for under Italian law, the Issuer's board of directors has appointed an executive and investment committee (comprised of Enrico Laghi, Aldo Mazzocco, Leonardo Del Vecchio, Christophe Kullmann and Giacomo Marazzi), with consultative functions on investments, borrowings and refinancing of the Issuer and its consolidated subsidiaries for amounts in excess of €300 million. In such cases, the committee must express its prior opinion on and approve them with a two-thirds majority of its members. The board of directors must then approve such decision with a two-thirds majority of its members.

In compliance with the relevant requirements of the Corporate Governance Code and the provisions contained in the rules applicable to the MTA market, the Issuer's board of directors has also appointed the following committees:

- a nominations' committee (comprised of Enrico Laghi, Françoise Pascale Jacqueline Debrus and Giacomo Marazzi);
- a remuneration committee (comprised of Enrico Laghi, Giacomo Marazzi and Clara Pierfranca Vitalini), which also deals with share option plans or allocation of shares to members of the board as well as compensation for the Chairman of the board, the CEO and executive directors and, upon recommendation of the CEO, compensation for the senior management; and
- a control and risk committee (comprised of Giacomo Marazzi, Enrico Laghi and Clara Pierfranca Vitalini) to assist the board of directors in verifying the adequacy and effective functioning of internal controls and risk management systems.

In addition, the board of directors appointed a "supervisory committee" comprised of Carlo Longari and Sabrina Petrucci (the Issuer's Head of Internal Audit). This committee is a supervisory body charged with the functions of monitoring and supervising the efficiency, adequacy and compliance with the "Organisation, Management and Control Model" (*Modello di organizzazione, gestione e controllo*) adopted by Beni Stabili pursuant to Legislative Decree 231/2001. The model sets forth preventive and disciplinary measures and procedures designed to prevent illegal offences within the corporate organisation the commission of which could constitute a high risk for the Issuer (such as information technology crime, occupational safety and money-laundering). The Issuer has also adopted its own code of ethics and conduct, corporate governance code and code of conduct on internal dealing.

Senior Management

The table below sets forth the names, the year of joining the Issuer and the current position of the senior management team of the Issuer:

Member	Year joined	Current position with Beni Stabili
Aldo Mazzocco.....	2001	Chief Executive Officer
Stefano Vittori	2001	Chief Operating Officer
Luca Lucaroni.....	2003	Chief Financial Officer

Aldo Mazzocco is also a member of the board of directors. See above “*Board of Directors*”. Luca Lucaroni has been appointed as the manager with responsibility for financial reporting (*dirigente preposto alla redazione dei documenti contabili societari*) in accordance with the Issuer’s by-laws and article 154-bis of the Consolidated Financial Act.

Board of Statutory Auditors

General

Pursuant to the Issuer’s by-laws, the board of statutory auditors is composed of three standing auditors and two alternate auditors. The statutory auditors, who are independent experts in accounting matters, were appointed by a resolution of the shareholders’ meeting on 18 April 2012. The board of statutory auditors will remain in office until the date of the shareholders’ meeting that will be called to approve the Issuer’s 2014⁸ non-consolidated financial statements, which shareholders’ meeting will appoint a new board of statutory auditors.

The board of statutory auditors is required to meet at least once every 90 days and is responsible for overseeing compliance with the law in general, the Issuer’s by-laws and correct corporate governance principles and for ensuring the adequacy and functionality of the organisational, management and accounting structure adopted by the Issuer.

The board of statutory auditors or any two of its standing members may convene meetings of the shareholders, meetings of the board of directors and of the Executive and Investment Committee, subject to prior notice to the chairman of the board of directors.

Members of the Board of the Statutory Auditors

The following table sets forth the current members of the Issuer’s board of statutory auditors, their years of birth and the position they hold within the board of statutory auditors:

Name	Year of Birth	Position with Beni Stabili
Marcellino Bortolomiol	1945	Chairman of the Board of Statutory Auditors
Luciano Acciari	1945	Standing Auditor
Fabio Venegoni.....	1963	Standing Auditor
Gialuca Pivato	1964	Alternate Auditor
Francesco Freschi	1967	Alternate Auditor

All members of the board of statutory auditors are domiciled for their office with the Issuer at the Issuer’s registered office.

The following table, which sets forth the current positions held by the standing auditors with other companies, includes information received by the Issuer from the members of the Board of Statutory Auditors.

⁸ The Shareholders’ General Meeting that shall approve the Issuer’s annual financial statements for the year ended 31 December 2014 has been convened and should take place on 9 April 2015.

Member	Company	Position held
Marcellino Bortolomiol	Beni Stabili Development Greenway S.p.A.	Chairman of the board of statutory auditors
	B.S. Immobiliare 8 S.p.A. Siinq	Chairman of the board of statutory auditors
	B.S. Immobiliare 9 S.p.A. Siinq	Chairman of the board of statutory auditors
	Civita Tre Venezie S.r.l.	Sole External Auditor
	IMSER 60 Siinq S.p.A.	Chairman of the board of statutory auditors
	Iniziative Unindustria S.r.l.	Statutory Auditor
	Ascopiave S.p.A.	Chairman of the board of statutory auditors
	Mattarollo Motori S.p.A.	Chairman of the board of statutory auditors
	Roberto Industria Alimentare S.p.A.	Chairman of the board of statutory auditors
	SIPA S.p.A.	Chairman of the board of statutory auditors
	Sviluppo Ripamonti S.r.l.	Statutory Auditor
	Tecnica Group S.p.A.	Statutory Auditor
	Teclor S.r.l.	Statutory Auditor
	Zoppas Industries S.p.A.	Chairman of the board of statutory auditors
	Banca Apulia S.p.A.	Director
	Bortolomiol S.p.A.	Director
	Nordue S.r.l.	Chairman of the board of directors
	Olivi Agricoltura S.r.l.	Director
	Synergia Consulting Group S.r.l.	Director
	Luciano Acciari	Autostar Immobiliare S.p.A.
Feudi di San Gregorio Aziende Agricole S.p.A.		Director
Società per Azioni Lucchese Olii e Vini		Director
Fabio Venegoni	Coccinelle S.p.A.	Chairman of the board of statutory auditors
	Servizi Energia Italia S.p.A.	Statutory auditor
	Amazon Customer Services S.r.l.	Chairman of the board of statutory auditors
	Fiditalia S.p.A.	Statutory Auditor
	Aura Holding S.p.A.	Statutory Auditor
	La Casa Vhernier S.p.A.	Statutory Auditor
	Pietro Fiorentini S.p.A.	Chairman of the board of statutory auditors
	Epic Sim S.p.A.	Statutory Auditor
	Clegg S.r.l.	Sole Auditor
	Tecosystem	Sole Auditor
	Denuke Scarl	Sole Auditor
	Rotolito Lombarda S.p.A.	Statutory Auditor
	SG Italian Holding S.p.A.	Statutory Auditor
	ENI Timor Leste S.p.A.	Statutory Auditor
	Velas 2001 S.p.A.	Sole Director
	Zest Gaming S.p.A.	Director

Appointment and Removal

The members of the board of statutory auditors are elected by the shareholders, and may be removed only for cause and with the approval of an Italian court. The by-laws establish a cumulative voting system for the election of the members of the board of statutory auditors whereby any shareholder, or group of shareholders acting together, that holds at least the requisite percentage as established from time to time by CONSOB of the share capital of the Issuer is entitled to present a list of potential auditors.

Conflicts of Interest

To the best of the knowledge of the Issuer, no potential conflicts of interest exist between any duties to Beni Stabili of the members of its board of directors, board of statutory auditors or senior management team and the private interest and/or other duties of such persons.

Independent Accountants

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2014 and 2013 incorporated by reference into this Prospectus have been audited by Mazars S.p.A., independent accountants of the Issuer, as stated in their reports incorporated by reference.

Share capital

Beni Stabili is listed on the Italian Stock Exchange since 1999 and its shares are traded on the MTA, the regulated market of the Italian Stock Exchange (ISIN Code: IT0001389631), and also on Euronext in Paris, France, since June 2010.

As at the date of this Prospectus, the authorised share capital of the Issuer is equal to €31,687,651.50, and the fully paid and subscribed share capital is equal to €26,942,588.60, divided into 2,269,425,886 ordinary shares outstanding, with a nominal value of €0.10 each.

The share capital of the Issuer is divided exclusively into ordinary shares and, therefore, there are no shares carrying voting rights other than the ordinary shares.

As at 31 December 2014, Beni Stabili owned 961,000 of its own shares (representing 0.04 per cent. of its total share capital).

The table below sets out details of the Issuer's current paid-up and issued share capital as well as the authorised but unissued ordinary shares (to service the outstanding 2015, 2018 and 2019 bonds).

Fully paid and subscribed share capital as at the date of this Prospectus:	€26,942,588.60
Authorised share capital reserved for servicing:	
• Euro 225,000,000 3.875 per cent. Convertible Bonds due 2015	€6,223,776.20
• Euro 225,000,000 3.375 per cent. Convertible Bonds due 2018	€7,556,334.50
• Euro 270,000,000 2.625 per cent. Convertible Bonds due 2019	€0,964,952.20
Total authorised share capital:	€31,687,651.50

Principal shareholders

As at the date of this Prospectus, based on the information available to the Issuer pursuant to the applicable law, Foncière des Régions S.A. holds approximately 48.313 per cent. of Beni Stabili's share capital. Therefore, considering that Foncière des Régions S.A. holds the majority of voting rights that may be exercised at a general meeting, it controls the Issuer *de jure*, and directs and coordinates its activities pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

To the best of the knowledge of the Issuer, as at the date of this Prospectus there are no arrangements the operation of which may at a subsequent date result in a change in control of Beni Stabili.

Employees

As at 31 December 2014, the Group had a total of 90 employees, of whom 81 were employed on the basis of permanent contracts. The following table sets forth the composition of the Group's employees as at 31 December 2014 and 31 December 2013.

	31.12.2014	31.12.2013
Managers	20	23
Supervisors	24	24
Staff	45	45
Doorman	1	1
Total	90	93

Litigation and contingencies

The Group is involved in a number of claims arising in the ordinary conduct of its business, including civil, labour, governmental, administrative and tax proceedings. The outcome of litigation and other legal or tax proceedings is inherently uncertain, and no assurance can be given as to a positive outcome for the Group in any or all of these proceedings.

For a description of the principal disputes and contingencies in which the Group is involved as at the date of this Prospectus, see pages 151 to 159 of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014, incorporated by reference in this Prospectus.

Since the date of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014, there have been the following developments:

(a) *Notice of IRES tax assessment - tax period 2009*

On 21 May 2014, the Italian Tax Authority, acknowledging the findings proposed in the Report on Findings concerning the correct deductibility of interest expense for IRES purposes pursuant to Article 96 TUIR for the 2009 tax period, served the notice of assessment with which it requested the payment of an upward adjustment to the IRES tax of €1.821 million, plus penalties and interest. On 18 July 2014, a claim was filed before the relevant Provincial Tax Commission of Rome; the date for the hearing has still not been set. This claim is considered, also on the basis of tax opinions obtained, baseless and the Issuer believes that, albeit possible, it is unlikely for a potential liability to arise. Should no liability arise, the Issuer would have the right to be reimbursed for the amounts paid pending court proceedings (equal to €0.783 million).

(b) *Notice of IRES and IRAP tax assessment - tax period 2004*

Following a general tax audit relating to the 2004 tax period, the Italian Tax Authority served a notice of findings during 2009 with which it made an upward adjustment to the IRES and IRAP due from the Issuer, with a demand for total higher taxes of €1.162 million, plus penalties and interest. The claims made in the demand mainly concern a recalculation of the capital gains realised following the transfer of a property to a real estate fund.

On 5 May 2014, Beni Stabili, as a result of the appeal of the Italian Tax Authority against the judgement issued by the first instance judges in favour of the Issuer, appeared before the Provincial Tax Commission of Lazio, which confirmed the decision of the judges of the court of first instance during the hearing of 11 November 2014. The terms for a possible appeal before the Supreme Court of Cassation by the Italian Tax Authority are still pending.

Therefore, the Issuer has filed a demand for compensation of the amounts paid pending judgement (€0.722 million, recognised as tax receivables).

(c) *Notice of IRES tax assessment - tax period 2005*

Following a general tax inspection relating to the 2005 tax period, the Italian Tax Authority, during 2010, served a notice of assessment with which it contested the use of prior tax losses, making an upward adjustment to taxes of €0.341 million, plus penalties and interest.

In February 2015, the Issuer, as a result of the appeal of the Italian Tax Authority against the judgement issued by the first instance judges in favour of the Issuer, appeared before the Provincial Tax Commission of Lazio which confirmed the judgement issued by the first instance judges. The terms for a possible appeal before the Supreme Court of Cassation by the Tax Authority are still pending.

The Italian Tax Authority claim, also based on tax opinions obtained, is considered by the Issuer as unlawful and unlikely for a liability to arise, with the resulting right to reimbursement of the amounts paid pending judgement (€0.139 million recognised as tax receivables).

(d) *Beni Stabili Development S.p.A. - Tax collection notice concerning the disputed offsetting of an IRES tax receivable*

In 2012, the Issuer received a tax assessment notice by which the Italian Tax Authority rejected the validity of transferring the IRES receivable amounting to €0.175 from the Issuer to Beni Stabili Development S.p.A. and used by the latter for offsetting the payment of its taxes. As a result of the appeal filed by the Issuer in June 2012 with the Provincial Tax Commission of Rome, the Tax Authority issued, before the hearing, a full tax relief order of the challenged tax-assessment notice. On 11 February 2015, this proceeding was closed and the Issuer was reimbursed the amounts paid pending litigation.

To the best of the Issuer's knowledge, the information provided in this section of the Prospectus, as well as in the abovementioned sections of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014 covers all litigation and contingencies during the previous 12 months, which could have significant effects on the Issuer's financial situation.

Material Contracts

As already mentioned (see “*Risk Factors - The Group is primarily dependent on a limited number of tenants for its rental revenues*” and “*Description of the Issuer - Business overview of the Beni Stabili Group*”), the Beni Stabili Group is primarily dependent on a limited number of tenants for its rental revenues and, in particular, as at 31 December 2014, the Group’s annual rental income generated from its top four tenants (namely, Telecom Italia S.p.A.; Intesa San Paolo S.p.A.; Maire Technimont S.p.A.; and the Italian public administration) accounted for approximately 74 per cent. of the Group’s total rental revenues. Without prejudice to the above, Beni Stabili has entered into all of its contracts in the ordinary course of its business and, as at the date of this Prospectus, there are no contracts which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer’s ability to repay the Notes.

TAXATION

Republic of Italy

The statements herein regarding Italian taxation summarise the principal Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes.

This is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a Noteholder if such Noteholder is subject to special circumstances or if such Noteholder is subject to special treatment under applicable law.

This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to, *inter alia*, the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes issued by Italian joint stock companies (*società per azioni*) with shares traded on a regulated market of EU Member States or EEA Member States granting for an adequate exchange of information with Italy. For this purpose, bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) management of the issuer.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* - see under section "*Tax treatment of the Notes - Capital Gains*" below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

An Italian resident individual Noteholder not engaged in an entrepreneurial activity who has opted for the so-called *risparmio gestito* is subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest, premium and other income accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary. For more information, see also "*Tax treatment of the Notes - Capital Gains*".

Where an Italian resident Noteholder is a company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Where an Italian resident Noteholder is an individual engaged in an entrepreneurial activity to which the Notes are connected, interests, premium and other income relating to the Notes, are subject to *imposta sostitutiva* and will be included its relevant income tax return. As a consequence, interests, premium and other income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Under the current regime provided by Law Decree No. 351 of 25 September 2001, as amended and supplemented, converted into Law No. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian tax authorities through - among others - Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, Italian real estate funds (complying with the definition as amended pursuant to Law Decree No. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) created under Article 37 of the Consolidated Financial Act and Article 14-*bis* of Law No. 86 of 25 January 1994 ("**Real Estate Funds**") are not subject to *imposta sostitutiva*.

Pursuant to Art. 9 of Legislative Decree No. 44 of 4 March 2014, the same regime is applicable to Italian real estate SICAFs qualified as such from a civil law perspective.

If the Noteholder is an open-ended or closed-ended investment fund (the "**Fund**"), a SICAV (an Italian investment company with variable capital), or a SICAF (an Italian investment company with fixed share capital) established in Italy and either (i) the Fund, SICAV or SICAF or (ii) their manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, of the SICAV or of the SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such results but a withholding or a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

If the Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005 – the "**Pension Fund**") and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (as increased by Law No. 190 of 23 December 2014 (the "**Finance Act 2015**") which, however, provides for certain adjustments for fiscal year 2014).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) not intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies *provided that* the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international

agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

Please note that according to the Law No. 244 of 24 December 2007 (“**Budget Law 2008**”) a Decree still to be issued will introduce a new “white list” replacing the current “black list” system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) promptly deposit, directly or indirectly, the Notes with (i) a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank; (ii) a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; (iii) a non-resident entity or company which has an account with a centralised clearance and settlement system (such as Euroclear or Clearstream, Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance; or (iv) a centralised managing company of financial instruments, authorised in accordance with Article 80 of the Financial Services Act; (b) promptly file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended; (c) the banks or brokers mentioned above receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive. Failure of a non-Italian resident Noteholder to comply promptly with the mentioned procedures set forth in Decree no. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on interest, premium and other income payments to a non-resident Noteholder.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are (a) resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or (b) otherwise not eligible for the exemption from *imposta sostitutiva*.

Capital gains

Italian resident Noteholders

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (a) an individual holding the Notes not in connection with an entrepreneurial activity, (b) a non-commercial partnership, (c) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year.

Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is a Real Estate Fund or any Italian real estate SICAF to which the provisions of Decree 351, as subsequently amended, apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder who is Fund, a SICAF or a SICAV will be included in the management results of the Fund, the SICAF or the SICAV. Such result will not be subject to taxation at the level of the Fund, the SICAF or the SICAV, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is an Italian Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax (as increased by Finance Act 2015, which, however, provides for certain adjustments for fiscal year 2014).

Non-Italian resident Noteholders

Capital gains realised by non-Italian-resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes issued by an Italian resident issuer, which are traded on regulated markets (and, in certain cases, subject to filing of required documentation) are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it

does not possess the status of taxpayer in its own country of residence. The list of countries which allow for an exchange of information with Italy should be amended as pointed out above.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. On the contrary, should the Notes be traded on regulated markets, capital gains realised by non-Italian resident Noteholders would not be subject to Italian taxation.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1 million;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1.5 million.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (a) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; (b) private deeds are subject to registration tax only in the case of voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (“**Decree 201**”), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €4,000, for taxpayers different from individuals; this stamp duty is determined on the basis of the market value or - if no market value figure is available - the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or - if no market value figure is available - the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Implementation in Italy of the Directive

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree 84**”). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. Prospective purchasers of the Notes are however advised to consult their own tax advisers in order to better evaluate Italian tax consequences connected to the application of the Savings Directive.

The Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains

unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

The Sole Underwriter has, in a subscription agreement dated 27 March 2015 (the “**Subscription Agreement**”) made between the Issuer and the Sole Underwriter and upon the terms and subject to the conditions contained therein, agreed to subscribe for the Notes. The Issuer has also agreed to pay certain combined commissions to the Sole Underwriter as set out therein and reimburse the Sole Underwriter for certain of its expenses incurred in connection with the issue of the Notes. The Subscription Agreement provides that the obligations of the Sole Underwriter are subject to certain conditions precedent, and the Subscription Agreement may be terminated in certain circumstances prior to payment for sale of the Notes being made to the Issuer.

United Kingdom

The Sole Underwriter has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Sole Underwriter has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (“**CONSOB Regulation No. 16190**”) pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”) and Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Italian Financial Act**”), each as amended from time to time; or

- (b) in other circumstances which are exempted from the rules on public offerings, pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB Regulations including CONSOB Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, in each case as amended from time to time (the “**Banking Act**”) and any other applicable laws or regulation;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

General

The Sole Underwriter has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Underwriter to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes have been authorised by a resolution (*determina*) of the Managing Director of the Issuer dated 17 March 2015 (on the basis of the authorisation of the Board of Directors of the Issuer dated 16 March 2015).

Listing and Admission to Trading

2. Application has been made to the Irish Stock Exchange for the Notes to be listed on the Official List and to be admitted to trading on the Main Securities Market. The total expenses related to the admission of the Notes to trading on the Irish Stock Exchange's regulated market are expected to amount to approximately €3,000.
3. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Legal and Arbitration Proceedings

4. Save as disclosed in "*Description of the Issuer – Litigation and Contingencies*" and the Issuer's consolidated annual audited financial statements as at and for the year ended 31 December 2014, from page 151 to page 159 incorporated by reference into this Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and the Beni Stabili Group.

Significant/Material Change

5. There has been no significant change in the financial or trading position of the Issuer or the Beni Stabili Group and no material adverse change in the prospects of the Issuer or the Beni Stabili Group since 31 December 2014.

Auditors

6. Mazars S.p.A., independent accountants of the Issuer, has audited the consolidated financial statements of the Issuer as at and for the years ended 31 December 2014 and 31 December 2013 incorporated by reference into this Prospectus. Mazars S.p.A. is an Italian public limited company and a member firm of the Mazars partnership of independent member firms. It has its legal headquarters at Corso di Porta Vigentina, 35 - 20122 Milano and it is registered at the Milan Register of Companies, VAT number 03099110177.

Documents on Display

7. Physical or electronic copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Principal Paying Agent at 33, rue de Gasperich, L-5826 Hesperange, Luxembourg, for 12 months from the date of this Prospectus:
 - (a) the By-laws (*statuto*) of the Issuer;
 - (b) this Prospectus;
 - (c) the Trust Deed;
 - (d) the Paying Agency Agreement; and
 - (e) the Beni Stabili Group Financial Statements.

Clearing Systems

8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1209112793 and the common code is 120911279. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Potential Conflicts of Interest

9. The Sole Underwriter and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including, without limitation, the provision of loan facilities) with, and may perform services to the Issuer and its affiliates in the ordinary course of business.
10. In addition, in the ordinary course of their business activities, the Sole Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. To the extent the Sole Underwriter and/or its affiliates have or may have a lending relationship with the Issuer, they may routinely hedge their credit exposure to the Issuer in a manner consistent with their customary risk management policies such as by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Sole Underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliates" includes also parent companies. Furthermore, as Sole Underwriter, Morgan Stanley & Co. International plc will receive commissions (as further described in "Subscription and Sale").

Yield

11. On the basis of the issue price of the Notes of 99.672 per cent. of their principal amount, the gross real yield of the Notes is 2.176 per cent. on an annual basis.

Legend Concerning US Persons

12. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

REGISTERED OFFICE OF THE ISSUER

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