



**BENI STABILI S.p.A. SIIQ**

**Remuneration Report pursuant to Art. 123-ter,  
Finance Consolidation Act**

**2014**



## **SECTION I - REMUNERATION POLICY**

### **1. CORPORATE BODIES AND OFFICERS INVOLVED IN THE PREPARATION AND APPROVAL OF THE REMUNERATION POLICY**

#### **- Shareholders' Meeting -**

The Shareholders' Meeting ("**Shareholders' Meeting**") of Beni Stabili S.p.A. SIIQ ("**Beni Stabili**" or "**the Company**"), called to approve the annual financial statements pursuant to Art. 2364, paragraph 2 of the Italian Civil Code, shall in a purely advisory capacity resolve in favour of or against the first section of the Remuneration Report ("**Report**"), which illustrates the remuneration policy ("**Policy**") for members of the Board of Directors ("**Directors**") and executives with strategic responsibilities ("**Strategic Executives**") and the procedures used for the adoption and implementation of said Policy.

If the Policy should be significantly amended during the year by the Company Board of Directors ("**Board of Directors**") and as a result the Policy proves to have changed substantially from that on which the Shareholders' Meeting expressed its opinion pursuant to the previous paragraph, the Board of Directors shall call a Shareholders' Meeting to express opinion - in a purely advisory capacity, in favour or against - a special report on the Policy as amended.

#### **- Board of Directors -**

As proposed by the Company's Remuneration committee and subject to the opinion expressed by the Chief Executive Officer of Beni Stabili ("**Chief Executive Officer**"), the Board of Directors shall with particular regard to the remuneration of Strategic Executives approve the Policy and, on at least an annual basis, assess its effectiveness, duly reported to the Shareholders' Meeting in the context of the Report.

#### **- Remuneration committee -**

The Company has a Remuneration committee ("**Committee**"), established within the Board of Directors and composed of three independent Directors, one of which with appropriate knowledge and experience of financial matters.

On an annual basis and at the latest during the meeting of the Board of Directors resolving upon call of the Shareholders' Meeting to approve the annual financial statements and to express opinion on the first section of the Report illustrating the remuneration policy, the Committee shall formulate a proposal to the Board of Directors on the Policy adopted by the Company, pointing out any need to amend or add to the Policy. During the year and on any occasion deemed necessary, the Committee also reports to the Board of Directors on any need to amend or add to the Policy, and on any failure to implement the Policy and/or on the infringement of any one of its principles.

With regard to the operating method of the Committee, note that the Committee always operates through meetings, resolving in the absence of directly interested parties. Meetings are held at the request of any one of its members and the Committee has the option of accessing information and corporate departments as necessary to perform its duties. All Remuneration committee meetings are duly minuted. The Committee may make use of external consultants, with costs borne by the Company, in order to perform its duties.

The Committee submitted its proposal to the Board of Directors in relation to the current Policy on 14 February 2014. In its proposal, the Committee confirmed that the Policy is in line and consistent with existing corporate practices and is suitable for allowing a correct definition of competitive remuneration levels and for promoting equality and transparency. The Committee also emphasised that its assessments were performed independently and without requesting support from independent experts.

The aforementioned Committee proposal was assessed favourably by the Board of Directors, which fully approved the proposal on 14 February 2014. During this year the Committee will verify the correct implementation of the Policy, duly reporting to the Board of Directors.

## **- Chief Executive Officer -**

When considered appropriate, the Chief Executive Officer may submit proposals to the Board of Directors relating to Policy adopted by the Company on remuneration for Strategic Executives, illustrating any need to amend or add to the Policy in this respect. If the Board of Directors should decide to accept the amendment or addition to the Policy proposed by the Chief Executive Officer, it must in any event obtain prior and binding opinion in favour from the Remuneration committee. The aforementioned option can be exercised by the Chief Executive Officer at the Board of Directors Meeting to resolve upon calling the Shareholders' Meeting for approval of the financial statements pursuant to Art. 2364, paragraph 2 of the Italian Civil Code, or at any other Board of Directors Meeting resolving upon calling a Shareholders' Meeting, in order that a report on the amended Policy can be included if necessary in the agenda of the forthcoming Shareholders' Meeting.

With particular reference to Strategic Executives' remuneration, during the year the Chief Executive Officer will verify correct implementation of the Policy, duly reporting to the Board of Directors.

## **2. AIMS OF THE REMUNERATION POLICY AND UNDERLYING PRINCIPLES**

The Policy is a key means of protecting and strengthening the reputation of Beni Stabili and creating long-term value for all Shareholders.

In compliance with regulations and in line with the values of transparency and responsibility always pursued by Beni Stabili, the Company intends to guarantee an appropriate disclosure on the strategies and procedures adopted to define and implement the remuneration policy.

By adopting the remuneration policy, the Company intends to:

- a) guarantee, also through constant monitoring of market trends, a correct definition of competitive remuneration levels and with a view to promoting internal equality and transparency;
- b) guarantee that the remuneration of Directors and Strategic Executives is established at a level sufficient to attract, retain and motivate staff with the appropriate professional skills to best perform their respective duties and to successfully manage and administer the Company;
- c) structure remuneration in such a way as to promote medium/long-term sustainability and guarantee that the remuneration itself is also based on results achieved in the medium/long term.

The Policy approved by the Board of Directors on 14 February 2014 offers continuity and it fully consistent with the remuneration practices previously adopted by the Company. No significant changes have therefore been made in terms of content of the remuneration policy compared to the previous financial year.

## **3. POLICY ON FIXED AND VARIABLE COMPONENTS OF REMUNERATION**

The remuneration of non-executive Directors comprises a fixed annual remuneration commensurate with the commitment required of each. This remuneration is determined as the same amount for all non-executive Directors, except for the Chairman to whom a higher remuneration is payable (for the reasons behind this higher amount, please refer to paragraph 11 below).

Remuneration of the Chief Executive Officer, the only Company Director considered "executive" currently includes managerial powers, and is determined in a fixed component and a variable component. In particular, the Chief Executive Officer receives:

- a fixed component for corporate offices held, determined by adding together: (i) the fixed remuneration assigned to all non-executive Directors, other than the Chairman, (ii) the fixed remuneration as member of a Committee established within the Board of Directors (Executive and Investments Committee) and (iii) an additional fixed component assigned to the role of Chief Executive Officer;
- a second component, the "loyalty and performance bonus", which aims to strengthen loyalty to the Company and qualifiable as:
  - (i) a "fixed" component (the minimum guaranteed), allocated if in the twelve months prior to year end the CEO has not resigned from office and paid annually in the thirty days after year end, and

- (ii) a “variable” component, assigned in consideration of the achievement of specific predetermined objectives agreed in advance as objectively achievable;

- a gross annual remuneration as executive of a subsidiary.

Note that at present the Company has decided not to specifically distinguish short-term and medium/long-term variables, preferring to adopt a more flexible criterion which, according to the case and to economic and financial contingencies - external (i.e. market-related) and internal (i.e. related to the Company and the Group - assign a higher or lower equal weighting to the short-term and medium/long-term objectives.

In this respect, note that the Board of Directors considered the current remuneration structure for the CEO to be adequate, in that it separates the fixed and variable components.

As a whole, the remuneration of Strategic Executives is in line with the market average. In particular, this remuneration comprises a fixed remuneration dependent upon the terms of the related employment contracts. Strategic Executives can also be assigned a bonus of a variable amount - up to a maximum of 30% of their gross annual remuneration - essentially linked to the achievement of predetermined objectives and/or objectives in addition to those identifiable in advance, in consideration of performance based not only on annual service, but also on their medium/long-term impact.

At present the Company has no incentive schemes based on financial instruments.

To complete the information, note that (with effect from 2011) the Chief Executive Officer has the right to an annual allocation of 5,000 free ordinary Foncière des Régions S.A. (FdR) shares as remuneration for his role as Strategic Manager of the parent company of Beni Stabili, FdR. The allocation of such shares does not relate in any way to his office as Director of the Company and does not constitute remuneration for that office. In any event, it should also be emphasised that, subject to resolutions being carried as necessary by the relevant corporate bodies, up to a maximum of 50% of these ordinary FdR shares can be replaced by ordinary Beni Stabili shares for a value corresponding exactly to the total value of ordinary FdR shares replaced. The allocation shall not be due in the event of fair dismissal from corporate office or fair dismissal by the Company from the executive employment contract with a company in the Beni Stabili Group, or in the event of voluntary resignation from office by the Chief Executive Officer. The assignment of free shares will also be due:

- in the event that, prior to approval of the financial statements as at 31 December 2015 (the “stability period”), the Chief Executive Officer should resign following unilateral amendment by the company that significantly reduces his powers, remuneration, office or duties, or following assignment to other officers of essentially similar powers or duties and are prejudicial to the Chief Executive Officer, or due to a change in direct control of the Company, including a new reference shareholder other than the current controlling shareholder;
- in the event of unfair dismissal by the Company or in any event termination (due to specific statutory clauses or due to the resignation of other Directors), unfair failure to confirm or renew the office of Chief Executive Officer for at least two financial years after 2015.

Furthermore, a number of FdR free share assignment plans (“**FdR Plans**”) exist for which the beneficiaries include the Strategic Executives. According to the terms of the FdR Plans, each year the Board of Directors of FdR can resolve to assign free FdR shares to beneficiaries - identified on each occasion, based on Group performance. The assignment becomes final on completion of a four-year vesting period beginning on the date of the resolution regarding each annual assignment. For the entire duration of the vesting period, the beneficiaries, holders of a simple right to receive, are not owners of the shares and therefore cannot exercise the rights attributed to Shareholders.

#### **4. POLICY ON NON-CASH BENEFITS**

For personal use and with tax withholdings pursuant to law, the Chief Executive Officer and the Strategic Executives are assigned certain fringe benefits qualifying as ordinary benefits assigned to persons holding similar positions in public limited companies similar in size and quality to the Company. In particular, the aforementioned officers benefit from (i) board and lodge expenses, (ii) company car and (iii) company mobile phone.

## **5. CRITERIA FOR ASSESSMENT OF RESULTS**

The variable component of remuneration (including any bonuses to Strategic Executives) are assigned on the basis of an assessment of results achieved, performed using the benchmarks indicated in the Policy and with regard to the specific economic situation and specific real estate market situation in which the Group operates. Given the difficult economic and financial situation at present, the Company has decided to establish guidelines in the Policy for performance assessment, nevertheless maintaining a flexible system in relation to medium/long-term assessment. In effect, the Company considers that a case-by-case assessment, in any event based on company budget forecasts, can effectively respond to Beni Stabili's intention to reward persons who, despite an economic and financial crisis without precedent, make a positive contribution to the objective of creating value for all Company Shareholders. The system for assessing results currently used by the Company is therefore not anchored to a schematic correspondence between achievement of predetermined objectives and the variable remuneration payable. In fact, the number of predetermined objectives achieved, the relevance assigned to achieving each objective, and the achievement of any additional positive and/or objective results over and above those envisaged originally in the Policy can be taken into consideration in deciding on the assignment of variable remuneration components (including bonuses), by the corporate bodies responsible for performing the assessment, based on their prudent appreciation and discretion.

In general, performance assessment is based on profitability and on other sustainable business leverage. Beni Stabili also takes into consideration numerous other circumstances, including compliance with Group values, generating value and increasing EBIT, in any event maintaining unchanged the quality standards of the activities performed. The assessment is performed by applying different benchmarks, modelled on the characteristics of the individual business sectors concerned and ensuring firm implementation of corporate procedures, also with a view to guaranteeing coordination and improved operations of the various departments involved.

With regard to the Chief Executive Officer, part of the loyalty and performance bonus qualifies as a "variable" component (i.e. the part exceeding the minimum guaranteed) and can be assigned in consideration of the achievement of specific predetermined objectives agreed in advance and objectively achievable.

Specifically, on 14 February 2014 the Board of Directors established that the Chief Executive Officer's performance will be assessed in the light of the essential objective of generating value that is sustainable over time, in particular guaranteeing the generation of value, the achievement of an adequate level of remuneration for Shareholders, making it possible for the Company to benefit from sustainable financial leverage and a good reputation on the stock exchange and, lastly, ensuring the efficiency and effectiveness of the Company's Internal control and risk management system.

The Chief Executive Officer performance assessment is conducted by also taking into due consideration any positive performance results achieved that were not envisaged in advance, and by viewing the results in the light of the difficult economic and financial context still faced by the real estate market.

With regard to Strategic Executives, these can be assigned a bonus of a variable amount essentially linked to the achievement of predetermined objectives and/or objectives in addition to those identifiable in advance, in consideration of performance based not only on annual service, but also on their medium/long-term impact. Specifically, the Company may assign a variable bonus to each Strategic Executive, up to a maximum of 30% of the gross annual remuneration of the Strategic Executive in question.

The Chief Operating Officer and Chief Financial Officer are currently the Company's Strategic Executives.

The criteria for assessment of the results for these officers are provided below.

Provided the parameters for operation under the "SIIQ" Regime continue to be met, the performance objectives of the Chief Operating Officer are associated with:

- (i) efficient strategic and operational planning;
- (ii) achievement of the objective of constant corporate growth;
- (iii) the efficiency of operational risk management;
- (iv) improved profitability of the property assets, with a view to optimising the value of individual properties, also through asset rotation;
- (v) the launch of new property development projects and renovation works to guarantee that a high quality standard of the real estate portfolio is maintained;
- (vi) consolidation and improvement of relations with tenants.

The performance objectives of the Chief Financial Officer are associated with:

- (i) cost control and reduction, provided that the quality of reporting (internal/management and external/institutional) and IT systems remains high;
- (ii) the efficiency of financial risk management and, in general, financial planning (with regard to the deadlines for the closure of interim/annual reporting periods);
- (iii) organisational and administrative process efficiency;
- (iv) improvement in the level of cash flows and the capacity to obtain funding.

#### **6. INFORMATION ON COMPLIANCE OF THE REMUNERATION POLICY WITH THE LONG-TERM INTERESTS OF THE COMPANY AND WITH RISK MANAGEMENT POLICY**

The Company considers that the remuneration system as a whole is consistent with the objective of creating value for all Shareholders, despite the current difficult economic and financial scenario. The Policy is such that Directors and Strategic Executives are under no circumstances expected to assume risks to an extent exceeding the risk appetite envisaged in related corporate strategies, also taking into consideration the various levels of control exercised by the relevant corporate bodies, with particular reference to risk management.

#### **7. MATURITY OF RIGHTS AND ANY DEFERRED PAYMENT SYSTEMS**

The Company (i) identifies performance objectives to be achieved during the Board of Directors Meeting called to approve the draft annual financial statements and (ii) assesses the achievement of performance objectives at the last Board of Directors Meeting of the reporting period or, at the latest, at the Board of Directors Meeting called to approve the draft financial statements, which normally coincides with the first board meeting after closure of the financial year.

The Company has envisaged a deferred payment system in reference to the payment of the fixed component of the loyalty and performance bonus payable to the Chief Executive Officer. Specifically, this remuneration is assigned to the Chief Executive Officer 30 days after the start of the financial year after that to which the loyalty and performance bonus refers, provided that the Chief Executive Officer remains in office for the entire year in question.

No ex-post correction mechanisms are envisaged for variable remuneration.

#### **8. INFORMATION ON ANY CLAUSES REQUIRING THAT FINANCIAL INSTRUMENTS BE HELD IN PORTFOLIO AFTER THEIR ACQUISITION, WITH AN INDICATION OF THE HOLDING PERIODS AND CRITERIA USED TO DETERMINE SUCH PERIODS**

At present the Company has no incentive schemes based on financial instruments, or maturing plans that envisage clauses requiring that financial instruments be retained in the portfolio after acquisition.

Also with regard to the FdR Plans referred to in paragraph 3 above, note that these do not envisage that Strategic Executives retain the allocated FdR shares in portfolio.

#### **9. POLICY ON THE TREATMENT OF CASES OF TERMINATION OF OFFICE OR OF THE EMPLOYMENT CONTRACT**

In the event of unfair dismissal a lump-sum all-inclusive indemnity is payable to the Chief Executive Officer. The indemnity shall not be payable on fair dismissal from corporate office or on fair dismissal from managerial contracts with a company of the Beni Stabili Group, or in the case of the Chief Executive Officer's voluntary resignation from office. The indemnity shall also be payable:

- in the event that, prior to approval of the financial statements as at 31 December 2015 (the "stability period"), the Chief Executive Officer should resign following unilateral amendment by the company that significantly reduces his powers, remuneration, office or duties, or following assignment to other officers of essentially similar powers or duties and are prejudicial to the Chief Executive Officer, or due to a change in direct control of the Company, including a new reference shareholder other than the current controlling shareholder;

- in the event of unfair cancellation by the Company or in any event termination (due to statutory clauses or the dismissal/resignation of other Directors), unfair failure to confirm or renew the office of Chief Executive Officer for at least two financial years after 2015.

Except in cases of interruption of duties for just cause, in all cases of termination of employment by the Company, Strategic Executives shall be paid an indemnity equal to 30 months of the cost of their total remuneration applicable as at the time of termination of the employment contract. Such indemnity shall also be payable in the event of fair dismissal and if the officers should resign within 180 days of certain events identified previously (e.g. unilateral amendment by the Company that significantly reduce the powers, office or duties of the Strategic Executives; change of control of Beni Stabili).

The Chief Executive Officer, in his capacity as executive of a subsidiary, and the Strategic Executives shall have the right to receive a monthly fee, payable providing service continues, in compliance - for a period of 18 months from any termination of the employment contract other than by Beni Stabili - with a non competition agreement signed with the Company. In the event of infringement of the aforementioned non competition agreement, the Chief Executive Officer, in his capacity as executive of a subsidiary, and the Strategic Executives shall pay the Company a penalty equal to 3 months of their gross annual remuneration.

#### **10. INFORMATION ON ANY INSURANCE COVER, WELFARE OR PENSION CONTRIBUTIONS PROVIDED, OTHER THAN MANDATORY ELEMENTS**

The Chief Executive Officer and Strategic Executives shall benefit from the following insurance cover, other than mandatory cover:

- “Directors & Officers’ Liability” policy (D&O), amongst other things covering third party liability of the Chief Executive Officer and Strategic Executives for monetary losses deriving from claims for compensation for damages in relation to any offence committed by the insured during the course of his/her duties, except in the case of malice aforethought, and to the extent to which the Company has already compensated the insured;
- “Legal aid policy”, covering the costs relating to any legal aid provided as defence counsel to the insured, in court proceedings and in out-of-court settlements, in the specific cases envisaged.

In addition, the Chief Executive Officer and Strategic Executives shall benefit from the following mandatory insurance, but characterised by cover exceeding that applicable under the relevant National Collective Labour Agreement, the Company being liable for the difference between the maximum cover envisaged in the National Collective Labour Agreement and that specifically envisaged in the policy:

- “Executive life policy”, in their capacity as executives, with maximum cover exceeding that envisaged in the relevant National Pay Agreement. Specifically, the Company shall be liable for the difference between the maximum envisaged in the aforementioned policy and that in the relevant National Pay Agreement;
- “Professional and equivalent accident policy”, the maximum cover of which is calculated on the seriousness of the accident and the type of event involved, using a maximum multiplier of 5 or 6 times the gross annual remuneration of the insured. Note that, whereas professional accident cover is mandatory under the National Pay Agreement, equivalent accident cover is not mandatory;
- “Supplementary healthcare policy” covering medical, health and surgery costs that are not fully reimbursed under the mandatory health policy envisaged for the respective employment contracts.

#### **11. OTHER INFORMATION**

The Company has no specific remuneration policy for independent Directors.

For membership of each Committee within the Board of Directors, Directors shall receive a fixed annual remuneration. The amount of such fixed annual remuneration shall be the same, regardless of the specific internal Committee of which the Director is a member.

The fixed remuneration shall be payable to the Chairman, meeting also the requirements of independent Director, and certain highly important specific technical skills shall be determined and incorporated as an increase in the fixed remuneration for other non-executive Directors.

With regard to offices held in subsidiaries, in line with Beni Stabili Group policy the remuneration due as directors of the Company's subsidiaries are charged back in full to Beni Stabili. Otherwise, in cases in which executive office is held in a subsidiary, a specific remuneration is payable. In line with this principle, the Chief Executive Officer receives a gross annual remuneration as executive of a subsidiary but receives no remuneration whatsoever for any of the (4) offices held as director of subsidiaries. In this respect, note that the Board of Directors and the Remuneration committee have decided to adopt a policy different to that of remuneration received as director of subsidiaries (charged back) and remuneration as executive of a subsidiary (not charged back), given (i) the different contractual positions associated with the office (and in particular the nature of the employee contract being subordinate to the contractual relations as executive) and (ii) the commitment required in terms of time, generally higher for an executive compared to that required of a non-executive Director.

The Policy shall be defined independently by Beni Stabili, without the use of remuneration policies of other companies as reference, provided that the policy generally complies with the guidelines on such matters existing within the Beni Stabili Group and, in particular, with directives of FdR, the Company exercising management and coordination.



## **SECTION II - REMUNERATION DETAILS**

This section, divided into two parts, illustrates the remuneration for each current member of the corporate bodies and, in aggregate format, the remuneration of the company's two Strategic Executives.

No officers currently hold the position of General Manager of the Company.

### **PART ONE**

A suitable and complete representation of each item comprising the remuneration is provided below, including indemnities envisaged in the event of termination of office or of the employment contract, and indicating compliance with the remuneration policy concerned.

#### **FIXED AND VARIABLE REMUNERATION**

The remuneration of the Chief Executive Officer in 2013 was as follows:

- a fixed annual remuneration for positions held equal to € 340,000 gross, calculated by adding together: (i) € 284,000 as the remuneration established for the position of Chief Executive Officer; (ii) € 50,000 remuneration as member of the Board of Directors; (iii) € 6,000 remuneration as member of the Executive and Investments Committee;
- € 270,000 gross as the fixed component of the loyalty and performance bonus;
- € 200,000 as gross annual remuneration as executive of a subsidiary.

In submitting its proposal regarding the Company Remuneration Policy for 2014, the Remuneration committee assessed both the achievement of performance objectives indicated in last year's policy and the commitment shown by the management to be positive, despite the difficult macro-economic and financial scenario that continues to characterise the reference market, a scenario which led to supporting, at the moment, and on the recommendation of the CEO regarding the Strategic Executives, a prudential line of cost containment, that does not provide, with regard to the financial year of reference, no performance bonus nor to two Strategic Executives, nor the CEO as a variable component to the so-called "loyalty and performance bonus" required by his contract.

With regard to remuneration received in 2013 by other members of the Board of Directors, members of the Board of Statutory Auditors and Strategic Executives, reference should be made to Table 1 below.

#### **INCENTIVE SCHEMES BASED ON FINANCIAL INSTRUMENTS**

At present there is no incentive scheme in place based on financial instruments.

#### **AGREEMENTS ENVISAGING INDEMNITY IN THE EVENT OF EARLY TERMINATION OF THE EMPLOYMENT CONTRACT**

Agreements that envisage an indemnity in the event of early termination of the employment contract were signed only with the Chief Executive Officer and the Strategic Executives. These agreements do not envisage performance criteria associated with award of the indemnity. With regard to the specific features of these agreements, note that:

- the Chief Executive Officer shall receive an indemnity of a lump-sum all-inclusive amount of € 2,000,000 gross in the event of unfair early termination of employment. In particular, the indemnity shall not be due in the event of fair dismissal from corporate offices or fair dismissal from existing executive office held in a Beni Stabili Group company, or in the case of voluntary resignation by the Chief Executive Officer from corporate offices (Director, CEO, Executive Committee and Investments Committee membership) or from existing executive office held in a Beni Stabili Group company. The indemnity shall be payable, however: (a) if prior to approval of the financial statements as at 31 December 2015 (the "stability period"), the CEO should resign from the corporate offices held following the company's unilateral amendment to significantly reduce his powers, remuneration, offices or duties or following the assignment to other persons of powers or duties essentially similar and prejudicial to the CEO or due to changes in direct control of the Company, including cases in

whereby there is a new reference shareholder other than the current majority shareholder and (b) in the event of unfair dismissal by the Company or any form of termination (also as a result of statutory clauses or the resignation of other Directors), unfair failure to confirm (or renew) the office of CEO for at least two years after the end of 2015;

- Strategic Executives shall receive an indemnity equal to 30 months of the cost of their total remuneration applicable as at the time of termination of their employment contract. This indemnity will be payable in the event of:
  - (i) unfair dismissal by the company;
  - (ii) fair dismissal;
  - (iii) dismissal within 180 days of any of the following events: change in control of Beni Stabili; unilateral amendment by the Company that significantly reduces the powers, remuneration, office or duties of the Strategic Executives.

Specifically, with regard to 2013:

- the cost relating to total gross remuneration of the Chief Operating Officer was:
  - € 479,066.89 as fixed remuneration;
- the cost relating to total remuneration of the Chief Financial Officer was:
  - € 396,186.33 as fixed remuneration.

The indemnity payable to each Strategic Executive will be determined according to the following criteria:

- 1) the total gross cost of annual remuneration;
- 2) the average bonuses received in the three years prior to termination;
- 3) the development of assigned benefits.

The Company has no current agreements involving the assignment or retention of non-cash benefits in favour of persons resigning from office, nor has it signed consulting contracts with such persons for a period after termination of their employment.

Agreements have been signed with each Strategic Executive and with the Chief Executive Officer in his capacity as executive of a subsidiary which envisage remuneration of € 500 per month, paid providing service continues and for its entire duration, for non competition commitments for a period of 18 months from termination of the employment contract other than by Beni Stabili. In the event of infringement of the aforementioned non competition agreement, the Chief Executive Officer, in his capacity as executive of a subsidiary, and the Strategic Executives shall pay the Company a sum a penalty equal to 3 months of their gross annual remuneration.

Note that no Directors of Strategic Executives resigned from office during the year.

## ***PART TWO***

Details are provided below of the remuneration paid in 2013, in any form and for any reason, by the Company and by companies of the Beni Stabili Group, using the tables required by CONSOB Regulation no. 11971/1999, as amended.

The information is provided separately in reference to positions held in the Company and positions in subsidiaries and associates, listed or unlisted, in the Beni Stabili Group.

Note that for Beni Stabili Group policies, remuneration received as Directors of subsidiaries of the Company are charged back in full to Beni Stabili. Such remuneration is therefore not indicated in the tables below.

Note that Tables 2 and 3B of Regulation no. 11971/1999, as amended, are not provided as the Company has no financial instrument-based or cash-based incentive schemes in place.

**Table 1: Remuneration paid to Directors, Statutory Auditors and Strategic Executives (€/000)**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Start date of term of office	Expiry of term of office	Fixed remuneration	Remuneration for committee membership	Variable non-equity remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Total termination of office indemnity
						Bonuses and other incentives	Profit sharing					
<b>Enrico Laghi</b>	Chairman	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				90 (a)	24 (a)	-	-	-	-	114	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				90	24	-	-	-	-	114	-	-
<b>Aldo Mazzocco</b>	CEO	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				284 (b)								
				50 (b)	6 (b)	-	-	35	-	-	-	-
				270 (b)								
(II) Remuneration from subsidiaries and associates				200	-	-	-	-	-	-	-	-
(III) Total				804	6	-	-	35	-	845	-	-
<b>Isabella Bruno Tolomei Frigerio</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				35 (c)	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				35	-	-	-	-	-	35	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Start date of term of office	Expiry of term of office	Fixed remuneration	Remuneration for committee membership	Variable non-equity remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Total termination of office indemnity
						Bonuses and other incentives	Profit sharing					
<b>Françoise Pascale Jacqueline Debrus</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				35 (d)	4 (d)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				35	4	-	-	-	-	39	-	-
<b>Leonardo Del Vecchio</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				50	8 (e)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				50	8	-	-	-	-	58	-	-
<i>Olivier Esteve</i>	<i>Director</i>	<i>29.03.10</i>	<i>31.12.12</i>									
(I) Remuneration in the company preparing the financial statements				15	3 (f)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				15	3	-	-	-	-	18	-	-
<b>Christophe Kullmann</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				50	8 (g)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				50	8	-	-	-	-	58	-	-
<b>Jean Laurent</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				50	2 (h)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				50	2	-	-	-	-	52	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Start date of term of office	Expiry of term of office	Fixed remuneration	Remuneration for committee membership	Variable non-equity remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Total termination of office indemnity
						Bonuses and other incentives	Profit sharing					
<b>Giacomo Marazzi</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				50	24 (i)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				50	24	-	-	-	-	74	-	-
<b>Clara Pierfranca Vitalini</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				35 (j)	8 (j)	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				35	8	-	-	-	-	43	-	-
<b>Marcellino Bortolomiol</b>	Chairman, Board of Statutory Auditors	18.04.12	31.12.14									
(I) Remuneration in the company preparing the financial statements				60	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				67	-	-	-	-	-	-	-	-
(III) Total				127	-	-	-	-	-	127	-	-
<b>Luciano Acciari</b>	Standing Auditor	18.04.12	31.12.14									
(I) Remuneration in the company preparing the financial statements				45	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				45	-	-	-	-	-	45	-	-

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Start date of term of office	Expiry of term of office	Fixed remuneration	Remuneration for committee membership	Variable non-equity remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Total termination of office indemnity
						Bonuses and other incentives	Profit sharing					
<b>Fabio Venegoni</b>	Standing Auditor	18.04.12	31.12.14									
(I) Remuneration in the company preparing the financial statements				45	-	-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				45	-	-	-	-	-	45	-	-
<b>2</b>	<b>Strategic Executives</b>	8.11.10 (k)	-									
(I) Remuneration in the company preparing the financial statements				570	-	-	-	11	-		-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-		-	-
(III) Total				570	-	-	-	11	-	581	-	-

## NOTES

Also in view of the peculiar nature of the existing remuneration system of the Company, the following should be noted:

- the amounts in column (1), "Fixed remuneration", are indicated on an accruals basis as envisaged in Table 1, Schedule 7-*bis* to Annex 3A of the Issuers' Regulation adopted by Resolution no. 11971 of 14 May 1999, as amended (in this respect, compare with note b) below in relation to Chief Executive Officer emoluments);
- with regard to column (3), "Variable non-equity remuneration", as the Company has not adopted any cash-based incentive schemes, but only the assignment of variable components of remuneration/bonuses not governed by a single structured plan, this column indicates the amounts of variable components/bonuses due during the year. For the above reasons, the criterion of amounts of remuneration accrued but not yet paid does not apply to the Company. The amounts indicated in column (3), therefore, are all amounts actually paid during the year;

- column (4), “Non-cash benefits”, indicates only the value of fringe benefits (according to a taxable income criterion). The figures relating to the value of insurance policies are not, however, indicated in reference to individual beneficiaries as these are complex corporate-level policies covering multiple beneficiaries;
- with regard to column (8), “Total termination of office indemnity”, note that no Director or Strategic Executive resigned during the year. Therefore no amount is indicated in the aforementioned column. In relation to the indemnity for non competition commitments, note that in line with specific agreements signed with the Chief Executive Officer as executive of a subsidiary and with the Strategic Executives, the remuneration for non competition commitments of € 500 per month is paid providing service continues and for the entire duration of the commitment.

Column (6), “**Total**”, indicates the sum of items (1) to (5).

- a) The Shareholders' meeting held on 17 April 2013 resolved, among other things, to assign to the Board of Directors, an overall gross annual remuneration of € 500,000 with the right of the Board to divide it internally.  
The Board of Directors, convened on the same date, resolved, among other things, to divide the said remuneration as follows:
- € 100,000 for the Chairman;
  - € 50,000 for each of the Directors.
- During the same meeting, the Board, as proposed by the Remuneration Committee, resolved to assign an annual gross remuneration of € 6,000, to each member of the various Committees.  
Until the Shareholders' meeting of 17 April 2013, Enrico Laghi was member of: the Executive and Investments Committee, the Committee for the Appointment of Directors, the Board of Directors' Remuneration Committee and the Internal Control and Corporate Governance Committee.  
The Board of Directors, convened on 17 April 2013, resolved, among other things, on the establishment and appointment of the new Committees, re-confirming **Enrico Laghi** in the composition of the four Committees and, more precisely, by appointing him: Chairman of the Executive and Investments Committee, Chairman of the Appointment Committee, Chairman of the Remuneration Committee and member of the Control and Risk Committee.  
Therefore, for what concerns Laghi, the remuneration for his membership of the four Committees totals € 24,000 for 2013.
- b) The Board of Directors of Beni Stabili S.p.A. SIIQ, during the meeting held on 17 April 2013, resolved, among other things, to assign to the Chief Executive Officer, **Aldo Mazzocco**, as proposed by the Remuneration Committee, an annual gross remuneration, for the 2013-2014-2015 financial years, of € 610,000, broken down as follows:
- a “remuneration for company positions held” of € 340,000 (obtained by adding € 50,000 for the position of Director; € 284,000 for the position of Chief Executive Officer and € 6,000 for the position of member of the Executive and Investments Committee);
  - a “loyalty and performance bonus” consisting of a fixed amount of € 270,000 and a variable component, if any, related to the achievement of specific performance objectives. For further information, reference is made to Section II of this Report – “Remuneration details”.
- c) **Isabella Bruno Tolomei Frigerio** was appointed Director of the Company by the Shareholders' meeting held on 17 April 2013. She is not a member of any Committee.
- d) **Françoise Pascale Jacqueline Debrus** was appointed Director of the Company by the Shareholders' meeting held on 17 April 2013 as well as member of the Appointment Committee by the Board of Directors convened on the same date.
- e) **Leonardo Del Vecchio** was a member of the Executive and Investments Committee and the Committee for the Appointment of Directors until the Meeting of 17 April 2013. The Board of Directors, convened on 17 April 2013, resolved, among other things, on the establishment and appointment of the new



Committees, confirming Leonardo Del Vecchio as a member only of the Executive and Investments Committee.

- f) **Oliver Esteve** held office until 17 April 2013, the day on which the Shareholders' Meeting resolved, among other things, on the appointment of the new Board of Directors. On the same date, the Board was convened to resolve, among other things, on the establishment and composition of the new Committees. Until that date, Olivier Esteve held the position of: member of the Internal Control and Corporate Governance Committee and member of the Committee for the Appointment of the Directors of the Company. Therefore, the fees, indicated on an accrual basis, must be considered in relation to that date.
- g) Until the Shareholders' meeting of 17 April 2013, **Christophe Kullmann** was a member of two Committees and, more precisely, of the Internal Control and Corporate Governance Committee and the Executive and Investments Committee of the Company. The Board of Directors, convened on 17 April 2013, resolved, among other things, on the establishment and appointment of the new Committees, confirming Christophe Kullmann as a member only of the Executive and Investments Committee.
- h) **Jean Laurent** was a member of the Board of Directors' Remuneration Committee until the Meeting of 17 April 2013. Therefore, the remuneration indicated on an annual basis as member of this Committee must be considered on relation to that date.
- i) Until the Shareholders' meeting of 17 April 2013, **Giacomo Marazzi** was a member of: the Executive and Investments Committee, the Committee for the Appointment of Directors, the Board of Directors' Remuneration Committee and the Internal Control and Corporate Governance Committee. The Board of Directors, convened on 17 April 2013, resolved, among other things, on the establishment and appointment of the new Committees, re-confirming Marazzi in the composition of the four Committees and, more precisely, by appointing him: member of the Executive and Investments Committee, member of the Remuneration Committee, Chairman of the Control and Risk Committee and member of the Appointment Committee. Therefore, for what concerns Marazzi, the remuneration for his membership of the four Committees totals € 24,000 for 2013.
- j) **Clara Pierfranca Vitalini** was appointed Director of the Company by the Shareholders' meeting held on 17 April 2013 as well as member of the Remuneration Committee and of the Control and Risk Committee by the Board of Directors convened on the same date.
- k) The Board of Directors of Beni Stabili S.p.A. SIIQ, during the meeting of 8 November 2010, identified, among other things, the Chief Operating Officer and the Chief Financial Officer - both executives of the Company - as "Executives with strategic responsibilities" of the Company.

**Table 3A: Incentive schemes based on financial instruments other than stock options in favour of Directors and Strategic Executives (SE). Note that the plans indicated below are free share assignment plans approved by *Foncière des Régions SA.*, the company responsible for management and coordination of Beni Stabili S.p.A. SIIQ.**

A	B	Financial instruments assigned in previous years but not vested during the year			Financial instruments assigned during the year						Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assignable	Financial instruments for the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment date	Number and type of financial instruments	Number and type of financial instruments	Value on maturity	Fair value
<b>Stefano Vittori</b>	<b>SE</b>												
(I) Remuneration in the company with management and coordination of Beni Stabili		Plan A (16/05/08)			-	-	-	-	-	-	-	-	€ 31.920 (a)
		Plan B (16/05/08)	1.000 free shares	10/03/10 10/03/14	-	-	-	-	-	-	-	-	-
		Plan C (16/05/08)	500 free shares	10/12/10 10/12/14	-	-	-	-	-	-	-	-	-
		Plan D (16/05/08)	1.000 free shares	21/02/11 21/02/15	-	-	-	-	-	-	-	-	-
		Plan E (06/05/11)	1.500 free shares	09/11/11 09/11/15	-	-	-	-	-	-	-	-	-
		Plan F (06/05/11)	700 free shares	08/11/12 07/11/16	-	-	-	-	-	-	-	-	-
		Plan G (06/05/11)				700 free shares	€ 44.331 (b)	7/11/13- 6/11/17	7/11/13	€ 44.653 (b)	-	-	-
(III) Total						€ 44.331						-	€ 31.920 (a)

A	B	Financial instruments assigned in previous years but not vested during the year			Financial instruments assigned during the year						Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assignable		Financial instruments for the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Name and surname	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment date	Number and type of financial instruments	Number and type of financial instruments	Value on maturity	Fair value	
<b>Luca Lucaroni</b>	<b>SE</b>													
(I) Remuneration in the company with management and coordination of Beni Stabili	Plan A (16/05/08)				-	-	-	-	-	-	-	-	€ 31.920 (a)	
	Plan B (16/05/08)	500 free shares	10/12/10 10/12/14		-	-	-	-	-	-	-	-	-	
	Plan C (06/05/11)	500 free shares	09/11/11 09/11/15							-	-	-	-	
	Plan D (06/05/11)	500 free shares	08/11/12 07/11/16		-	-	-	-	-	-	-	-	-	
	Plan E (06/05/11)				500	€ 31.665 (b)	7/11/13- 6/11/17	7/11/13	€ 31.895 (b)	-	-	-	-	
(III) Total						€ 31.665						-	€ 31.920 (a)	

## NOTES

The total (III) is indicated in reference to columns (5), (11) and (12).

(a) Refers to 500 free FdR shares assigned on 20 November 2009 (vesting period: 20/11/2009-20/11/2013). The unit fair value of the free FdR shares as at the date of assignment of 20 November 2013 is € 63.84.

(b) The unit fair value of free FdR shares as at the date of assignment of 7 November 2013 is € 63.33.

The market price per unit of the free FdR shares as at the date of assignment of 7 November 2013 is € 63.79.

**TABLE 1: Investments of Directors and Statutory Auditors**

NAME AND SURNAME	POSITION	INVESTEES	NUMBER OF SHARES HELD AT END OF PREVIOUS YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT YEAR END
Aldo Mazzocco	CEO	Beni Stabili S.p.A. SIIQ	1.500.000	500.000	-	2.000.000
Leonardo Del Vecchio	Director	Beni Stabili S.p.A. SIIQ	4.079.760	20.928.620	-	25.008.380 (1)
<i>Olivier Esteve (2)</i>	<i>Director</i>	<i>Beni Stabili S.p.A. SIIQ</i>	<i>66.198</i>	-	-	<i>66.198</i>
Christophe Kullmann	Director	Beni Stabili S.p.A. SIIQ	160.320	-	-	160.320
Giacomo Marazzi	Director	Beni Stabili S.p.A. SIIQ	5.000	-	-	5.000

(1) Beni Stabili shares held by Leonardo Del Vecchio through the subsidiary Delfin S.àr.l.

Note also that in 2012, Delfin S.àr.l. signed a number of equity swaps giving the option of purchasing a total of 2,379,703 Beni Stabili shares. The purchase agreement envisages: (i) a buy option subject to physical settlement in favour of Delfin S.àr.l and (ii) if this option is not exercised, a cash-settled put option in favour of the entity granting the option indicated in point (i).

(2) Director of Beni Stabili S.p.A. SIIQ until the General Meeting of the Shareholders held on April 17, 2013.

**TABLE 2: Investments of strategic executives**

NUMBER OF STRATEGIC EXECUTIVES	INVESTEES	NUMBER OF SHARES HELD AT END OF PREVIOUS YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT YEAR END
2	Beni Stabili S.p.A. SIQ	398.000	364.014	-	762.014