

**BENI STABILI S.P.A. SIIQ**

**ILLUSTRATIVE REPORT PREPARED BY THE BOARD OF DIRECTORS ON THE ONLY ITEM ON THE AGENDA OF THE EXTRAORDINARY PART OF THE SHAREHOLDERS' MEETING HELD BY BENI STABILI S.P.A. SIIQ ON 10 DECEMBER 2015, DRAWN UP PURSUANT TO ARTICLE 125-*TER* OF ITALIAN LEGISLATIVE DECREE NO. 58/1998, TO ARTICLE 72 OF CONSOB RESOLUTION NO. 11971/1999 AND TO ARTICLE 2441, PARAGRAPH 6, OF THE ITALIAN CIVIL CODE**

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**ILLUSTRATIVE REPORT ON THE ONLY ITEM ON THE AGENDA OF THE EXTRAORDINARY PART**

**Share capital increase upon payment and in tranches, for the exclusive purpose of the conversion of the unsecured equity linked bond loan, for a total amount equal to 200 million of Euro, with maturity on 31<sup>st</sup> January 2021, reserved to qualified investors, with the exclusion of any option as per art. 2441, paragraph 5, of the Italian Civil Code, for a total nominal amount of up to € 19,998,000.10, via the issue of up to no. 199,980,001 ordinary shares of a nominal value of € 0.10 each.**

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

**Pertinent and consequent resolutions.**

Dear Shareholders,

This report (the "**Report**") is aimed at outlining to the extraordinary shareholders' meeting of Beni Stabili S.p.A. SIIQ ("**Beni Stabili**" or the "**Company**") the proposed cash share capital increase, against payment and in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 19,998,000.10 to be paid in one or more tranches by the issue of up to No. 199,980,001 ordinary shares of the Company having the same characteristics as those of the outstanding ordinary shares (the "**Capital Increase**"), solely and irrevocably reserved for servicing the conversion of the unsecured equity-linked bond in the nominal amount of EUR 200,000,000.00 issued on 3 August 2015 and due 31 January 2021 (the "**Bond**").

The proposed Capital Increase is instrumental in the assignment of the right of conversion into newly-issued or already existing ordinary shares of the Company to the holders of the bonds issued on 3 August 2015 (the "**Bonds**") in the context of the Bond.

## **1. THE ISSUE OF THE BOND**

On 21 July 2015, by minutes drawn up by Notary public Lorenzo Colizzi from Milan, Ref. No. 158, File No. 73, the Board of Directors granted the Chief Executive Officer and the Chairman of the Board of Directors, severally, a power of attorney to resolve upon the issue of the Bond, defining its terms and conditions in view of market conditions and of the subscription offers received and defining the contents of its regulations within the limits determined by the Board.

Pursuant to this power of attorney, by a determination dated 23 July 2015 drawn up by Notary public Lorenzo Colizzi from Milan, Ref. No. 160, File No. 74, the Chief Executive Officer resolved upon the issue of the Bond pursuant to articles 2410 *et seqq.* of the Italian Civil Code. Please refer to paragraph 2 below for a description of the characteristics of the Bond.

On the same date (23 July 2015) the placement of the Bond with qualified investors was started and completed, including the determination of its final terms.

The settlement and issue of the Bonds took place on 3 August 2015.

## **2. CHARACTERISTICS, PURPOSES AND APPLICATION OF THE CAPITAL INCREASE**

### **2.1 Purposes and characteristics of the issue of the Bond**

The issue of the Bond and the assignment of the right to convert the Bonds into ordinary shares of the Company, which shall arise following the approval of the Capital Increase by the Extraordinary Meeting, are a single transaction aimed at providing the Company with an adequate tool to raise non-banking capital market funds quickly upon more favourable terms and conditions for the Company, in line with current market conditions.

Specifically, the transaction is aimed at improving even more the average cost and the residual duration of the Company's financial indebtedness. This way the Company would be allowed to obtain the funding required for the repurchase of the bonds issued in the context of the "EUR 225,000,000 3.375% Convertible Bonds due 2018" (the "**Outstanding Bonds**"), thus replacing at least part of

the current debt with a new and less onerous debt due on a later date and having a higher initial conversion price than the latest NAV per share and, therefore, such as to limit the potential dilution of shareholders relating to the bonds currently outstanding.

The Bond has the following characteristics:

- Aggregate amount: EUR 200,000,000.00.
- Currency: Euro.
- Denomination: EUR 100,000.00 and multiples thereof.
- Type of bonds: registered notes.
- Due date: 5 (five) years and 181 (one hundred and eighty) days following the issue date, thus 31 January 2021.
- Conversion right: following and subject to the adoption of the resolution of the Extraordinary Meeting to approve the Capital Increase to service the conversion of the Bonds, the Company shall send the bondholders the Physical Settlement Notice whereby as of the date specified therein the bondholders shall be granted the right of conversion into ordinary shares of the Company, whether newly-issued ones or outstanding ones, at the Company's discretion. Furthermore, the Company may repay in cash any bondholders who exercised the conversion right in respect of their Bonds by paying them the Cash Alternative Amount, calculated as provided for in the terms and conditions of the Bond), with reference to all or a portion (at the Company's discretion) of the shares pertaining to such bondholders as a result of the exercise of the conversion right.

Should the Meeting refuse both to approve the Capital Increase and to send the Physical Settlement Notice by 31 January 2016 (the Long Stop Date), each bondholder may request the prepayment of its Bonds; alternatively, the Company may carry out such prepayment in an amount to be calculated in compliance with the provisions of the terms and conditions of the Bond.

- Mode of repayment: on the due date of the Bond (save in the event of prepayment or of exercise of the right to convert the Bonds by the relevant bondholders).
- Prepayment: the Company may prepay the Bonds in full in the cases specified in the regulations of the Bond, in line with market practice, including (i) the case where, by 31 January 2016 (Long Stop Date), the Capital Increase to service the conversion is not approved and the Physical Settlement Notice is not sent, (ii) the case where any conversion rights or repayment rights in relation to at least 85 per cent. of the initial nominal amount of the bond are exercised, and (iii) as of 15 August 2018, the case where the trading price of the Company's ordinary shares exceeds a specific threshold, as specified in the regulations of the Bond.  
  
Each bondholder may request the cash prepayment of its Bonds in the following cases: (i) if the Extraordinary Meeting does not approve the Capital Increase and the Physical Settlement Notice is not sent by 31 January 2016 (Long Stop Date), and (ii) upon the occurrence of a change of control of the Company.
- Initial conversion price: EUR 1.0001 per share, subject to any adjustments upon the occurrence of circumstances governed by the regulations of the Bond, in line with market practice.
- Investors: only qualified investors as defined in article 34-ter, paragraph 1(b), of the Consob Regulation adopted by resolution No. 11971 of 14 May 1999, as subsequently amended, excluding any offer to the public and in any case any offer or sale in the United States of America, in Canada, in Australia, in Japan, in South Africa and in any other country in which the offer or sale of the Bonds is not permitted in compliance with the applicable laws.
- Issue price: 100 per cent. of the nominal value.
- Interest rate: fixed at 0.875 per cent per year.
- Coupon: semi-annual (on 31 January and on 31 July of each year).
- Governing law: English law, save the bondholders' meetings, which shall be governed by Italian law;

- Listing: the Bonds are to be admitted to listing on a regulated market or on an internationally recognized multilateral trading system.

It shall be noted that upon the admission to listing on a multilateral trading system, pursuant to article 2412, paragraph 5, of the Italian Civil Code, the restrictions on the issue provided for in such article shall not apply. In any event, when added to the other existing loans, the Bond amount is lower than the limit provided for in article 2412, paragraph 1, of the Italian Civil Code, also considering the partial prepayment of the Outstanding Bonds and the absence of any guarantees issued by the Company on loans of other companies.

## **2.2 The Capital Increase to service the conversion of the Bond**

By way of introduction, it is hereby confirmed that all the shares previously subscribed have been paid up.

### *2.2.1 Purpose of the proposed Capital Increase*

The Capital Increase is to service the right of conversion of the Bonds into ordinary shares of the Company.

### *2.2.2 Reasons for the exclusion of the option right*

As previously described (paragraph 2.1), the issue of the Bond and the Capital Increase to service the right to convert the Bonds into ordinary shares of Beni Stabili are a single transaction aimed at providing the Company with an adequate tool to raise non-banking capital market funds quickly and at low cost. What is described above requires the resolution upon a capital increase to service the Bond, with the exclusion of the option right.

The Board of Directors believes that this transaction is fully in the interests of the Company for the following reasons:

- (a) the choice to reserve the subscription of the convertible Bond for qualified investors only, thus

excluding the option right of the shareholders and of the holders of convertible bonds, is based on the characteristics of the equity-linked Bonds issued, which show a high degree of complexity and sophistication and require a EUR 100,000 minimum investment. The proposed financial instruments have characteristics that generally meet the favour of qualified investors in the current market situation. These characteristics make this type of instrument an effective way of raising non-banking funds upon favourable conditions, which is very well suited to the Company's needs;

- (b) furthermore, the exclusion of the option right facilitates the success of the transaction within a short period of time, thus excluding the public offer of the Bonds, which would require more onerous corporate formalities, longer execution times and higher costs;
- (c) because of the transformation of the Bond from an equity-linked bond into a convertible bond, the bondholders are no longer entitled to request the prepayment of the Bonds, thus stabilizing the acquisition of the funds raised through the Bond; and
- (d) finally, the conversion of the Bonds into shares, if any, would allow the Company (i) to strengthen its equity structure and to diversify its financial one, while limiting the connected cash disbursement relating to financial charges and principal on the due date, and (ii) to consolidate and enlarge its shareholding structure.

### 2.2.3 Terms and procedure relating to the conversion of the Bond into equity

The initial conversion price, corresponding with the issue price of the new shares resulting from the Capital Increase, is EUR 1.0001 per share, subject to any adjustments as described below.

The conversion price shall be allocated partly to the nominal value of the shares being subscribed, equal to EUR 0.10, and partly to the share premium, equal to EUR 0.9001.

The number of shares to service the conversion shall be determined by dividing the nominal amount of the Bonds for which the conversion right is to be exercised by the conversion price (as adjusted on

the conversion date), rounded down to the nearest integral number of ordinary shares. No fractions of shares shall be issued or delivered and no cash payment or adjustment shall be carried out instead of such fractions.

Based on the above parameters, subject to the approval of the Extraordinary Meeting, the initial conversion ratio shall be No. 99,990 shares to one Bond having a nominal value of EUR 100,000.00.

The settlement of the Bond provides that the initial conversion price may be adjusted according to the market practice in place for this type of debt instrument upon, among other things, the occurrence of the following events: (i) the grouping or splitting of shares, (ii) a free capital increase through the transfer of profit or reserves to capital, (iii) a dividend distribution, (iv) the issue of shares or of financial instruments reserved for shareholders, or the assignment of options, warrants or other rights for the subscription / purchase of shares or financial instruments, to the shareholders, or the issue of financial instruments convertible into or exchangeable for shares, and (v) the amendment to the conversion / exchange rights attaching to other financial instruments.

The Bonds provide investors with protection concerning the future dividends paid by the Company. Specifically, should the Company elect to distribute dividends during the life of the Bond, above a certain pre-determined threshold of EUR 0.024 per share per year, the conversion price of the Bonds shall be adjusted according to the formulas provided for in the regulations of the Bond so as to compensate the bondholders for the amount of the distributed dividends.

Finally, it shall be noted that following the Capital Increase resolution the Company shall have full discretion to convert the Bonds, at the bondholders' request, into newly-issued or already existing shares, or to pay the bondholders a cash amount or to deliver to them a combination of shares and money upon the bondholders' conversion request.

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

The funds raised through the issue of the Bonds were applied to changing the structure of the

financial indebtedness of the Company, as outlined at point 2 above.

Below is a table analysing the breakdown of the short-term and the medium-long term net financial indebtedness of the Company and at group consolidated level, as at 30 June 2015, also considering the issue of the Bonds, compared with the corresponding data extracted from the interim statement of the Company and of the Group as at 30 June 2015.

It shall be noted that what is specified below is merely indicative as it is based on values that may vary slightly or significantly as at the date of repayment of the Bonds. Therefore, please do not consider this example as one representing the actual impact of the transaction on the economic and equity situation of the Company and of the Group.

<b>Beni Stabili Group</b>	Financial Debts		Financial Debts	
	30/06/2015		30/06/2015 (new issue)	
€ thousands	Nominal value		Nominal value	
Loans and other short-term debt	164,348.00		189,348.00	
Mortgage loans, other loans and financings	928,252.57		978,252.57	
Note C	3,978.00		3,978.00	
Debt securities	734,264.37		734,264.37	
Convertible bonds	499,917.89		480,717.89	
<b>Total</b>	<b>2,330,760.83</b>		<b>2,386,560.83</b>	
Available funds	-	115,836.04	-	98,074.67
<b>Net Financial Position</b>	<b>2,214,924.79</b>		<b>2,288,486.16</b>	

<b>Beni Stabili S.p.A. SIIQ</b>	Financial Debts		Financial Debts	
	30/06/2015		30/06/2015 (new issue)	
€ thousands	Nominal value		Nominal value	
Loans and other short-term debt	164,348.00		189,348.00	
Mortgage loans, other loans and financings	923,752.31		973,752.31	
Note C				
Debt securities	734,264.37		734,264.37	
Convertible bonds	499,917.89		480,717.89	
<b>Total</b>	<b>2,322,282.57</b>		<b>2,378,082.57</b>	
Available funds	-	114,013.00	-	96,251.63
<b>Net Financial Position</b>	<b>2,208,269.57</b>		<b>2,281,830.94</b>	

The Company applied the available funds arising from the issue of the Bonds to the repurchase of the Outstanding Bonds for which expressions of interest in selling at the closing of the reverse bookbuilding announced on 23 July 2015 were collected. The aggregate nominal value of the repurchased Outstanding Bonds was EUR 219,100,000.00, equal to approximately 97.38 per cent of the Outstanding Bonds initially issued. The consideration was EUR 132,981.00 per EUR 100,000.00 of the nominal amount of each Outstanding Bond, plus EUR 165.08 as to interest accrued and unpaid (the "**Repurchase**"). Following the settlement of the Repurchase the existing Outstanding Bonds had an aggregate nominal value of EUR 5,900,000.00, equal to approximately 2.62 per cent of the Outstanding Bonds initially issued.

Subsequently, during the period 1-15 August 2015, the Company received a conversion request in respect of bonds in the nominal amount of EUR 100,000.00, corresponding to No. 166,917 newly-issued ordinary shares and a consequent EUR 16,691.70 capital increase. Following the conversion request the existing Outstanding Bonds had an aggregate nominal value of EUR 5,800,000.00.

Finally, it shall be noted that on 10 September 2015 the Company notified to the bondholders, in compliance with the relevant regulations, the exercise of the Clean-up Call as the residual amount of the Outstanding Bonds was lower than 15 per cent. of the initial nominal amount of the bond, and therefore prepaid the still outstanding securities on 12 October 2015, subject to the bondholders' right to exercise the conversion right not later than on 5 October 2015.

#### **4. GENERAL INFORMATION ON THE OPERATING PERFORMANCE**

The semi-annual consolidated Financial Report as at 30 June 2015 was approved by the Board of Directors on 21 July 2015 and is available at the registered office, on the Company's website, URL [www.benistabili.it](http://www.benistabili.it) (Investors / Financial Reports), on the website of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), and on the authorised storage mechanism "1Info" ([www.1info.it](http://www.1info.it)).

Concerning the information on the expected closing of the current financial year, reference is made to

the semi-annual consolidated Financial Report as at 30 June 2015 and, specifically, to the paragraph entitled "Business outlook" contained in the Interim Report on the Management.

**5. UNDERWRITING SYNDICATES AND/OR NETWORK SYNDICATES AND ANY OTHER FORMS OF PLACEMENT**

No network syndicate and/or underwriting syndicate are provided for in relation to the Capital Increase as the latter is solely meant to service the possible conversion of the Bonds. Please note that the placement of the Bonds was carried out by Banca IMI S.p.A., JP Morgan, Société Générale Corporate & Investment Banking and Unicredit Bank AG, Milan Branch, as Joint Bookrunners, who also guaranteed their subscription pursuant to the Subscription Agreement executed together with the Company.

**6. DETERMINATION OF THE ISSUE PRICE OF THE NEW SHARES RESULTING FROM THE CAPITAL INCREASE**

As pointed out above, the issue price of the new shares resulting from the Capital Increase is equal to the conversion price of the Bonds.

The Board of Directors of the Company resolved that the conversion price should be determined in the context of the placement of the Bonds, taking into account the quantity and quality of the demand for them expressed at the placement stage, as well as the performance of the domestic and international markets, by applying a surcharge to the weighted average price of the Company' ordinary share as registered on the screen-based equity market on the day on which the bookbuilding takes place, to be defined according to, among other things, the information sent by the banks identified to act as joint bookrunners, and to market conditions. In any case, the above is subject to the compliance with the provisions of article 2441, paragraph 6, of the Italian Civil Code (whereby the issue price of the new shares shall be determined according to the net asset value, taking into

account, among other things, the performance of the share prices in the last six months).

In the context of the placement of the Bonds an initial conversion price was determined, equal to EUR 1.0001, corresponding to a 32.5 per cent premium applied to the weighted average price of the Company's shares (VWAP) observed by Borsa Italiana on the day on which the bookbuilding and the pricing took place (i.e. 23 July 2015).

The price so determined is 42.8 per cent. higher than the weighted average price of the Company's shares on the screen-based equity market organised and managed by Borsa Italiana S.p.A. in the six months preceding 23 July 2015, equal to EUR 0.7005. Concerning the temporal reference to the semester, the parameter used is the date of bookbuilding and pricing of the Bonds (which took place on 23 July 2015). Indeed, using a more recent date would not be correct as the performance of the share would also be affected by the result of the issue of the Bonds. In any case the conversion price of the Bonds is 42.9 per cent higher than the weighted average price of the Company's shares on the screen-based equity market organised and managed by Borsa Italiana S.p.A. in the six months preceding 22 October 2015, equal to EUR 0.6994.

The price so determined is also higher than the net asset value per share as at 31 December 2014, equal to EUR 0.4658, and higher than the net asset value per share as at 30 June 2015 (which includes the effects of the merger by incorporation of the subsidiaries IMSER 60 SIINQ S.p.A. and B.S. Immobiliare 8 S.p.A. SIINQ into Beni Stabili), equal to EUR 0.8161, as shown in the balance sheet for 2014 and in the semi-annual financial report for 2015 duly published and available on the website of the Company.

The criteria specified above led to the identification of an issue price for the new shares, as at the date of start of the transaction, which is higher than the average quoted prices of the share in the six preceding months and also higher than the net asset value per share.

Therefore, the Board of Directors believes that the price so determined, in compliance with the provisions of article 2441, paragraph 6, of the Italian Civil Code, is completely adequate to protect the

financial interests of the Company's shareholders and of the holders of convertible bonds, in view of the exclusion of the option right.

**7. AVAILABILITY TO SUBSCRIBE THE NEWLY-ISSUED SHARES RESULTING FROM THE CAPITAL INCREASE TO SERVICE THE BOND**

As explained above, the Board of Directors deemed it appropriate to propose to the Board of the Company the approval of the Capital Increase solely to service the possible conversion of the Bonds into newly-issued ordinary shares of the Company, thus excluding the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code. Therefore, this paragraph shall not apply to the Capital Increase considered herein.

**8. PERIOD OF EXECUTION OF THE CAPITAL INCREASE**

In the event of approval of the Capital Increase by the Meeting, the Company shall send the bondholders a Physical Settlement Notice relating to the Bond, which shall grant them the power, until 24 January 2021 or another earlier date should any events specified in the regulations of the Bond occur, to convert the Bonds into Company's shares at any time. The deadline for the exercise of the conversion right and, therefore, for the subscription of the newly-issued shares, is set in the regulations of the Bond at 24 January 2021, that is seven calendar days before the deadline of 31 January 2021.

In any case it shall be noted that should the Capital Increase appear not to be fully subscribed as at the latest date allowed for the conversion, the capital of the Company shall appear to be increased by the amount arising from the subscriptions made by that date, with the explicit authorisation to the directors to issue the new shares as they are subscribed.

## **9. ENTITLEMENT TO THE NEWLY-ISSUED SHARES**

The shares to be offered for the conversion of the Bonds shall have a regular dividend entitlement and, therefore, shall attribute to their holders equal rights compared with those of the shares already outstanding at the time of the issue.

## **10. EFFECTS OF THE BOND AND OF THE CAPITAL INCREASE ON THE ECONOMIC PERFORMANCE AND ON THE ASSETS AND LIABILITIES OF THE COMPANY, AND EFFECTS ON THE UNIT VALUE OF THE SHARES**

As the Capital Increase involves a significant amount (in terms of impact of the transaction amount on the net worth of the Company), below is some information on the effects of the proposed Capital Increase on the economic and equity situation of the Company and of the Group and on the unit value of the shares.

Because as at the date of this Report the number of the Bonds for which the conversion shall be requested, the time and relevant price of the shares on the date of such request, and the proportions of shares and cash by which the individual requests shall be met are not known, it is necessary to make the following assumptions:

- Number of Bonds the conversion of which is requested: all.
- Mode of conversion: only shares.
- Conversion price: EUR 1.0001.
- Conversion timeframe: on the due date for the whole amount.
- Pro-forma data used: the reference shareholders' equity is the one shown in the interim report of the Company and of the Group as at 30 June 2015<sup>1</sup>.

Assuming that the Company meets the conversion requests with shares, the price of the shares at the time of the conversion is irrelevant for a calculation of the effects. It shall be noted that this case is the most penalising one in terms of equity dilution for the shareholders, and that it is reasonable to

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<sup>1</sup> Please note that the interim report as at 30 June 2015 does not include No. 166,917 shares of Beni Stabili, which were issued on 26 August 2015 following a request to convert bonds in the nominal amount of EUR 100,000, relating to the "€ 225,000,000 3,375% Convertible Bonds due 2018".

expect that the mode of satisfaction of the conversion requests to be adopted by the Company from time to time shall be such as to limit the dilution impacts, compatibly with the cash needs then existing. The following ensues:

	<b>DATA of BENI STABILI GROUP 30.06.2015</b>	<b>DATA of BENI STABILI S.P.A. SIIQ 30.06.2015</b>
Shareholders' equity (EUR)	1,850,971,000	1,852,169,000
Current number of shares	2,269,425,886	2,269,425,886
Current net asset value per share (EUR)	0.8156	0.8161
Number of subscribed shares	199,980,001	199,980,001
Subscription price per share (EUR)	1.0001	1.0001
Subscribed amount (EUR)	200,000,000	200,000,000
Prospective pro-forma net asset value (EUR)	2,050,971,000	2,052,169,000
Number of shares after capital increase	2,469,405,887	2,469,405,887
Prospective pro-forma net asset value per share (EUR)	0.8306	0.8310
Number of issued shares		199,980,001
Current share capital (EUR)		226,942,589
Prospective share capital (EUR)		246,940,589

## **11. AMENDMENTS TO THE BY-LAWS**

As a result of the Capital Increase being the subject-matter of this report it is necessary to amend article 5 of the Company's By-Laws as follows (current wording and parallel text with additions in **bold**).

<p>The share capital is of EUR 226,959,280.30, represented by No. 2,269,592,803 shares each having a nominal value of EUR 0.10.</p> <p>The Extraordinary Meeting held on 22 May 2013 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in</p>	<p>The share capital is of EUR 226,959,280.30, represented by No. 2,269,592,803 shares each having a nominal value of EUR 0.10.</p> <p>The Extraordinary Meeting held on 22 May 2013 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in</p>
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<p>the aggregate nominal amount of up to EUR 37,556,334.50, to be paid in one or more tranches by the issue of up to No. 375,563,345 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and solely reserved for the service of the conversion of the bonds issued on 17 January 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 November 2012) and on 14 March 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 4 March 2013), respectively. It is understood that the final deadline for the subscription of the newly-issued shares is set to be 10 January 2018 and that, should the capital increase not be fully subscribed by 10 January 2018, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed.</p> <p>The Extraordinary Meeting held on 15 April 2014 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 40,964,952.20 to be paid in one or more tranches by the issue of up to No. 409,649,522 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and</p>	<p>the aggregate nominal amount of up to EUR 37,556,334.50, to be paid in one or more tranches by the issue of up to No. 375,563,345 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and solely reserved for the service of the conversion of the bonds issued on 17 January 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 November 2012) and on 14 March 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 4 March 2013), respectively. It is understood that the final deadline for the subscription of the newly-issued shares is set to be 10 January 2018 and that, should the capital increase not be fully subscribed by 10 January 2018, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed.</p> <p>The Extraordinary Meeting held on 15 April 2014 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 40,964,952.20 to be paid in one or more tranches by the issue of up to No. 409,649,522 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and</p>
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solely reserved for the service of the conversion of the bonds issued on 17 October 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 October 2013). It is understood that the final deadline for the subscription of the newly-issued shares is set to be 10 April 2019 and that, should the capital increase not be fully subscribed by 10 April 2019, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed.

solely reserved for the service of the conversion of the bonds issued on 17 October 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 October 2013). It is understood that the final deadline for the subscription of the newly-issued shares is set to be 10 April 2019 and that, should the capital increase not be fully subscribed by 10 April 2019, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed.

**The Extraordinary Meeting held on 10 December 2015 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 19,998,000.10 to be paid in one or more tranches by the issue of up to No. 199,980,001 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and solely reserved for the service of the conversion of the bonds issued on 3 August 2015. It is understood that the final deadline for the subscription of the newly-issued shares is set to be 24 January 2021 and that, should the capital increase not be fully subscribed by 24 January 2021, the capital shall in any case**

	<b>be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed.</b>
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\* \* \*

A copy of this Report of the Board of Directors as worded above was delivered to the auditing firm BDO Italia S.p.A. pursuant to article 158 of Italian Legislative Decree No. 58 of 24 February 1998.

\* \* \*

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

“the Meeting:

- having acknowledged the Report of the Board of Directors, prepared pursuant to article art. 2441, paragraph 6, of the Italian Civil Code and to article 72 of CONSOB resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented;
- having acknowledged the main terms and conditions of the bond as outlined in the Report of the Board of Directors;
- having acknowledged the opinion on the adequacy of the issue price issued by the auditing firm BDO Italia S.p.A.;
- having acknowledged the opportunity to proceed for the purposes and in the manner outlined in the specific report prepared by the Board of Directors,

**resolves**

- (i) to approve the proposed cash share capital increase, against payment and in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 19,998,000.10 to be paid in one or more tranches by the issue of up to No. 199,980,001 ordinary shares of the Company having the same characteristics as those of the outstanding ordinary shares, solely and irrevocably reserved for servicing the conversion of the unsecured equity-linked bond in the nominal amount of EUR

200,000,000.00 issued on 3 August 2015 and due 31 January 2021, reserved for qualified investors, and also approved its convertibility into shares, according to the terms of the relevant regulations, at the share price of EUR 1.0001 (EUR 0.10 of which as nominal value and EUR 0.9001 of which as a premium), subject to any adjustments to the conversion price as provided for in the regulations of the bond. The number of shares servicing the conversion shall be determined by dividing the nominal amount of the bonds in relation to which the conversion is to be exercised by the conversion price as at the time of the relevant conversion date, rounded down to the nearest integral number of ordinary shares. No fractions of shares shall be issued or delivered and no cash payment or adjustment shall be carried out instead of such fractions. In any case, the Company shall have full discretion to convert the Bonds, at the bondholders' request, into newly-issued or already existing shares, or to pay the bondholders a cash amount pursuant to the provisions of the regulations of the bond, or to deliver to the bondholders a combination of shares and cash upon their conversion request;

- (ii) to approve the sending by the Chief Executive Officer and the Chairman of the Board of Directors, whether jointly or severally, and with the power to grant powers of attorney, of a notice to the bondholders, whereby the bondholders shall be entitled to the right of conversion into ordinary shares of the Company;
- (iii) to set the deadline for the subscription of the newly-issued shares at 24 January 2021, that is the seventh calendar day preceding the due date of the bond; it is understood that the capital increase may be revoked until the expiry of the deadline for the conversion of the bonds and that, should the capital increase not be fully subscribed by that date, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and as of the time of such subscriptions, provided that they are carried out after the registration of this resolution with the Companies' Register, and the directors shall be explicitly authorised to issue the new shares as they are subscribed;

(iv) to amend article 5 of the Company's By-Laws accordingly, so as to reflect the resolutions adopted on the date hereof, adding the following fourth paragraph:

*"The Extraordinary Meeting held on 10 December 2015 resolved upon a cash share capital increase against payment, in tranches, with the exclusion of the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, in the aggregate nominal amount of up to EUR 19,998,000.10 to be paid in one or more tranches by the issue of up to No. 199,980,001 ordinary shares of the Company, having the same characteristics as those of the outstanding ordinary shares, irrevocably and solely reserved for the service of the conversion of the bonds issued on 3 August 2015. It is understood that the final deadline for the subscription of the newly-issued shares is set to be 24 January 2021 and that, should the capital increase not be fully subscribed by 24 January 2021, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions collected by such date, and the directors shall be explicitly authorised to issue the new shares as they are subscribed."*,

appointing the Chief Executive Officer and the Chairman of the Board of Directors, whether jointly or severally and with the power to grant powers of attorney, to update the figures contained in article 5 of the Company's By-Laws, as amended, as a result of the partial and/or full exercise of the conversion rights by the bondholders and of the consequent partial and/or full execution of the capital increase to service the conversion of the bond, also carrying out the relevant filings with the Companies' Register;

(v) to grant the Chief Executive Officer and the Chairman of the Board of Directors, severally, the broadest powers for them to do the following, whether or not by using special proxies: (i) to execute the resolutions adopted with the power to make any such amendments to them as may be requested by the competent Authorities, in addition to any amendments required for the registration with the Companies' Register, and also to file the updated wording of the Company's By-Laws at the outcome of the transaction resolved upon, and (ii) to carry out anything that may

be requested, required or useful for the full execution of the resolution adopted.”

Rome, 23 October 2015

For the Board of Directors

The Chairman

(Enrico Laghi)