



**BENI STABILI S.p.A. SIIG**

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

**2017**



## **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 resolve, in a purely advisory capacity, in favour of, or against, the first section of the Remuneration Report ("**Report**"), illustrating the remuneration policy ("**Policy**"), in force at least for the following year, for the members of the Board of Directors ("**Directors**") and the executives with strategic responsibilities ("**Strategic Executives**"), as well as the procedures used for the adoption and implementation of said Policy.

Should the Policy be significantly amended during the year by the Company Board of Directors ("**Board of Directors**") and, as a result, the Policy is 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 an opinion about such revised Policy - in a purely advisory capacity, in favour or against – on the basis of a special report, drafted by the Board of Directors on the Policy as amended.

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

As proposed by the Company's Remuneration Committee - and conditional upon the favourable opinion of the Chief Executive Officer of Beni Stabili ("**Chief Executive Officer**" or "**CEO**") as regards the remuneration of the Strategic Executives - the Board of Directors shall approve the Policy and, at least on an annual basis, assess its effectiveness, to be duly reported to the Shareholders' Meeting in the context of the Report.

#### **- Remuneration Committee -**

The Company has established within the Board of Directors a Remuneration Committee ("**Committee**"), 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 Board of Directors' meeting resolving upon the call of the Shareholders' Meeting to approve the annual financial statements (and to express the opinion on the first section of the Report), 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 integrate the Policy. During the year, the Committee shall also report to the Board of Directors on any possible need to amend or integrate the Policy, as well as on any failure to implement the Policy and/or on the infringement of its principles.

With regard to the operational activity of the Committee, it has to be noted that the Committee always operates through duly called meetings and resolves in absence of the directly interested parties. Meetings are held at the request of anyone of its members and the Committee has the power to access the information and corporate departments necessary or useful in order to perform its duties. All Committee's meetings are duly recorded. The Committee may avail itself of external consultants in order to perform its duties, and in such case the relevant costs shall be borne by the Company.

The Committee lastly submitted its proposal to the Board of Directors in relation to the Policy on February 9, 2017. The remuneration policy of financial year 2017 is substantially in line with the policy adopted for financial year 2016, apart from certain adjustments arising from the new governance structure, which was modified due to the appointment, on July 2016, of the Company's General Manager. In its proposal, the Committee confirmed that the Policy is compliant and consistent with the existing corporate practices and suitable to allow the definition of competitive remuneration levels and to promote equality and transparency. The assessments of the Committee were performed independently and without requesting support from independent experts.

The Board of Directors fully approved the proposal of the Committee on February 9, 2017.  
The Committee will verify the correct implementation of the Policy, duly reporting to the Board of Directors.



## **- Chief Executive Officer -**

Where appropriate, the Chief Executive Officer may submit proposals to the Board of Directors relating to the Policy adopted by the Company on the remuneration to be paid to the General Manager if appointed, and to the Strategic Executives, illustrating any need to amend or integrate the Policy in this respect. Should the Board of Directors decide to accept the amendment or addition to the Policy proposed by the Chief Executive Officer, it shall in any event obtain prior and binding favourable opinion from the Committee. The aforementioned power may be exercised by the Chief Executive Officer at the Board of Directors' meeting which resolves to call the Shareholders' Meeting for the 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 the calling of a Shareholders' Meeting, so that a report on the amended Policy may be included in the agenda of the forthcoming Shareholders' Meeting.

During the year, with particular reference to the General Manager if appointed and the Strategic Executives' remuneration, the Chief Executive Officer will verify the 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 instrument to protect and strengthen the reputation of Beni Stabili and create long-term value for all the Shareholders.

In compliance with the applicable regulations and in line with the values of transparency and responsibility, the Company, by means of the Policy, the Company intends to:

- a) guarantee, also through constant monitoring of market trends, a correct definition of competitive remuneration levels, 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 the Company;
- c) structure the remuneration in order to promote a medium/long-term sustainability and to guarantee that the remuneration is also based on results achieved in the medium/long term.

The Policy approved by the Board of Directors on February 9, 2017 is substantially in line with the remuneration practices previously adopted by the Company apart from certain adjustments arising from the new governance structure, which was modified due to the appointment, on July 2016, of the Company's General Manager.

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

### **Non-executive Directors**

According to the Policy, the remuneration of non-executive Directors consists of a fixed annual remuneration commensurate with the commitment required to each one. The amount of this component of the remuneration is the same for all non-executive Directors, except for the Chairman who is granted with an higher remuneration (please refer to paragraph 11 below).

Attendance fees could be foreseen as a variable portion of the Remuneration, based on the actual attendance by each director to the meetings of the Board of Directors and of the specialised Committees.

### **Executive Directors**

With respect to the executive Directors, the Policy provides that their remuneration shall be composed of a fixed component and two possible variable components, in line with the guidelines below:

- the fixed component shall be sufficient to retain and motivate the executive Directors to best perform their duties, in accordance with the standard practice in force from time to time and in line with the market average;
- the executive Directors shall benefit of a possible yearly "variable" component ("**MBO**"), consisting of a cash premium up to 100% of the fixed component of the remuneration, to be granted upon achievement of predetermined annual performance targets;



- the executive Directors shall also benefit of a possible medium-long term “variable” component (“**LTI**”), consisting of a number of free shares of the parent company Foncière des Régions S.A. (“**FdR**”) equivalent to an amount representing up to 100% of the fixed component of the remuneration, to be granted upon achievement of predetermined medium-long term performance targets.

### Strategic Executives

The remuneration of the Strategic Executives shall be determined by applying, *mutatis mutandis*, the same architecture used for the Executive Directors’ remuneration (also with reference to the criteria for assessment of results), taking into account the functions allocated and the objectives assigned to them. In such a case, the remuneration to be granted to said Executive Directors will be determined and paid only by the Company, as said Strategic Executives do not hold any office into the parent company Foncière des Régions.

In particular:

The remuneration granted to the General Manager shall be composed by three components, the first one fixed and the other two variable, being related respectively to short and medium-long term objectives, in accordance with the guidelines below:

- the fixed component shall be in line with the market practices and sufficient to retain and motivate the General Manager to best perform his/her duties;
- the short term variable component (“**Bonus**”) consists of a cash premium up to 50% of the fixed component of the remuneration, to be granted upon achievement of predetermined annual performance targets;
- the medium-long term variable component (“**LTI**”), consists of the assignment of a number of free shares - with a three-year or more vesting period - of the parent company Foncière des Régions; up to 50% of this allocation will be based upon the market performance of Beni Stabili share (provided that it remains within the Group) and the remaining 50% will be based upon the achievement in the medium-long term of predetermined operational objectives related to Beni Stabili.

In this respect, it has to be noted that the possible assignment of free shares of Foncière des Régions S.A. to the General Manager shall be resolved by the Board of Directors of the Company, in accordance with the existing agreements between Beni Stabili and Foncière des Régions S.A. and the free stock grant plans approved by the competent bodies of Foncière des Régions S.A. (the “**FdR Plans**”).

The remuneration granted to the Strategic Executives (other than the General Manager) shall be composed by three components, the first one fixed and the other two variable being related respectively to short and medium-long term objectives, in accordance with the guidelines below:

- the fixed component shall be in line with the market practices and sufficient to retain and motivate the Strategic Executive to best perform his/her duties;
- the short term variable component (“**Bonus**”) consists of a cash premium up to 30% of the fixed component of the remuneration, to be granted upon achievement of predetermined annual performance targets (with a minimum guaranteed);
- the medium-long term variable component (“**LTI**”), consists of the assignment of a number of free Foncière des Régions S.A. shares - with a three- year or more vesting period - based upon the fact that they remain within the Group.

In this respect, it has to be noted that the possible assignment of free shares of Foncière des Régions S.A. to the other Strategic Executives shall be resolved by the Board of Directors of the Company, in accordance with the existing agreements between Beni Stabili and Foncière des Régions S.A. and the FdR Plans.

### Incentive schemes based on financial instruments

Currently the Company does not have any incentive schemes based on financial instruments in force.

Nonetheless, the remuneration system, as already anticipated, contemplates the possible assignment - by the Beni Stabili Board of Directors to the Strategic Executives (including the General Manager) of Beni Stabili – of free Foncière des Régions S.A. shares, in accordance with specific agreements in force between Beni Stabili and Foncière des Régions S.A. and with the FdR Plans.



According to the terms of the FdR Plans, each year the Board of Directors of Foncière des Régions S.A. may resolve to assign free Foncière des Régions S.A. shares to the beneficiaries (including Strategic Executives) - identified on each occasion, based on Group performance. The assignment becomes final on completion of a vesting period beginning on the date of the resolution regarding each annual assignment and that shall last 3 years minimum. For the entire duration of the vesting period, the beneficiaries cannot be considered owners of the shares and, therefore, are not entitled to exercise the rights attributed to the shareholders.

#### **4. POLICY ON FRINGE BENEFITS**

According to the Policy, the Executive Directors Officer and the Strategic Executives may be granted (for mixed use) and with tax withholdings pursuant to applicable laws) with certain fringe benefits, standard for directors/officers holding similar positions in listed companies similar, in size and quality, to the Company. Such fringe benefits consist of (i) accommodation if applicable, (ii) company car and (iii) company mobile phone.

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

##### **General approach**

The variable components of the remuneration are assigned on the basis of an assessment of the short and medium/long term results achieved, performed using the benchmarks indicated in the Policy (see below) and taken into account the specific economic situation and the real estate market situation.

The Company considers that the case-by-case assessment, in any event based on company budget forecasts, is in line with Beni Stabili's intention to reward persons who, despite the economic and financial crisis, contribute positively to the aim of creating value for all the Company Shareholders.

In general, the performance assessment is based on profitability and on other sustainable business leverages. Beni Stabili also takes into consideration numerous other circumstances, including the compliance with the Group values, the generation of value and the increase of the EBIT.

##### **MBO component for executive Directors**

The MBO component shall be assigned to the Chief Executive Officer upon achievement of Group's performance objectives clear, precise, quantifiable and operational. In general, the MBO component of the remuneration is awarded according to the below guidelines:

- 70% in case of achievement of quantitative targets regarding Real Estate and financial Key indicators, such as (i) the generation of sustainable value (ii) the adequate level of remuneration for Shareholders, with particular reference to the net income per share (EPRA/RNI and EPRA/NAV per share), (iii) the improvement of the quality of the Company's portfolio, (iv) the enhancement of the financial profile, (v) the enhancement of market positioning in the respective geographic areas where the Group operates;
- 30% in case of achievement of qualitative targets relating to the management, leadership and strategic position within the Company and the Group.

##### **LTI component for executive Directors**

The Chief Executive Officer is beneficiary of an LTI plan issued by the parent company Foncière des Régions S.A., according to which the LTI component shall be assigned to the Chief Executive Officer in case of achievement of Group's performance targets, including the performance of the subsidiary Beni Stabili;

##### **MBO and LTI component for Strategic Executives**

The variable component shall be granted to Strategic Executives upon achievement of clear, precise, quantifiable and operational performance objectives. The Board of Directors every year determines, on the basis of the Committee's proposal, said objectives; in doing so, the opinion of the Chief Executive Officer is also taken into consideration. The objectives are furthermore determined on the basis of the strategic plan, of the budget approved by the Board of Directors during the relevant year and of the current Company's priorities. In particular, the Company may assign a variable bonus to each Strategic Executive, in accordance with the abovementioned guidelines, as far the Chief Executive Officer is concerned, up to a maximum of 50% of the fixed component of the gross annual remuneration and, as far the other Strategic



Executives are concerned, up to a maximum of 30% of the fixed component of the gross annual remuneration.

The General Manager and Chief Corporate Officer are currently the only Company's Strategic Executives. The criteria for assessment of the results for these officers are listed below.

Provided that the parameters to operate under the "SIIQ" Regime have to be satisfied, the performance objectives of the General Manager are associated with:

- (i) the generation of sustainable value;
- (ii) the achievement of an adequate level of remuneration for Shareholders, with particular reference to the net income per share (EPRA/RNI and EPRA/NAV per share);
- (iii) the improvement of profitability of the property assets, with a view to optimising the value of individual properties, also through asset rotation;
- (iv) the improvement of the quality of the Company's portfolio;
- (v) 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;
- (vii) the enhancement of the financial profile;
- (viii) the enhancement of market positioning with particular regard to the Italian market;

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

- (i) compliance with applicable laws on governance, on structure and on the Company's corporate activities;
- (ii) determination of the dynamic sustainability policy;
- (iii) control of the activities related to joint-venture concluded with third parties;
- (iv) efficiency of risk management;

The Board of Directors of Beni Stabili determines the LTI component granted to Strategic Executives, which as explained above consists in the assignment of free Foncière des Régions S.A. shares - with a three-year vesting period or more - based upon the achievement of medium-long term operational objectives.

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

The Company considers that the remuneration system as a whole is consistent with the objective of creating value for all Shareholders.

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 the corporate strategies, also taking into consideration the various levels of control exercised by the relevant corporate bodies, with particular reference to the risk management system.

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

The performance objectives to be achieved are identified during the Board of Directors' Meeting called to approve the draft annual financial statements and/or in connection with the possible appointment of an executive director by the Board of Directors.

The achievement of the predetermined performance objectives is assessed during the last Board of Directors' Meeting to be held in the fiscal year or, at the latest, during the Board of Directors' Meeting called to approve the draft financial statements, normally coinciding with the first Board Meeting after the end of the financial year.

The Company may envisage a deferred payment system of the MBO component. The Policy also allows the Company to enter into specific *ad hoc* arrangements with the executive Directors, concerning the MBO component, in order to permit the Company to hold deferred payments or to reclaim, in whole or in part, the MBO variable components possibly awarded, but subsequently proved to be awarded based on data manifestly misstated.

The assignment of the LTI component shall become final on completion of a vesting period starting from the date of the Foncière des Régions' Board of Directors' decision to allocate free shares in favour of directors and employees of the Group, upon approval of that specific allocation from Beni Stabili's Board of Directors.





## **8. INFORMATION ON ANY LOCK UP CLAUSES REQUIRING THAT FINANCIAL INSTRUMENTS ARE KEPT IN PORTFOLIO AFTER THEIR ACQUISITION, WITH AN INDICATION OF THE RELEVANT LOCK UP PERIODS AND CRITERIA USED TO DETERMINE SUCH PERIODS**

At present, the Company has no incentive schemes based on financial instruments, nor maturing plans including clauses requiring that financial instruments be retained in the portfolio after their acquisition.

For the sake of completeness, the FdR Plans referred to in paragraph 3 above do not envisage that the Executive Directors and the Strategic Executives retain the allocated Foncière des Régions S.A. shares in portfolio.

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

The Policy allows the Company to enter into specific *ad hoc* contractual arrangements on Executive Directors, the General Manager, if appointed, and Strategic Executives, concerning indemnities payable in case of anticipated termination of the office, provided in any case that (i) no indemnity shall be payable in case of fair dismissal nor in the case of voluntary resignation from office, (ii) such indemnities cannot exceed 200% of the fixed yearly remuneration of the relevant Executive Director (plus any received bonus and any amounts accrued by the Director) and (iii) the agreements shall be compliant with the relevant market benchmarks and with the applicable laws and regulations.

The Chief Corporate Officer's indemnity shall not exceed an amount equal to 33 months of the fixed component of the gross annual remuneration plus any received bonus and any free FdR share in the meantime assigned.

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

According to the Policy, the Executive Directors and Strategic Executives may benefit of the following insurance covers, additional to the mandatory covers:

- "Directors & Officers' Liability" policy (D&O), which covers, , third party liability, *inter alia* , 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 case of wilful misconduct and to the extent that the Company has already compensated the insured;
- "Legal aid policy", which covers the costs relating to any legal aid provided as defence counsel to the insured, in court proceedings and in out-of-court settlements, with regard to the specific cases envisaged.

In addition, the Strategic Executives may benefit from the following mandatory insurance, which are characterised by a coverage cap exceeding that one provided by the relevant National Collective Labour Agreement, whose exceeding cost relating to the higher coverage cap is borne by the Company:

- "Executive life policy", in their capacity as executives, with coverage cap exceeding that one envisaged in the relevant National Pay Agreement. In particular, the Company shall be liable for the difference between the maximum envisaged in the aforementioned policy and that one provided by the relevant National Pay Agreement;
- "Professional and equivalent accident policy", the coverage cap of which is calculated on the seriousness of the accident and the type of event involved, using a maximum of 5 times (in case of death) or 6 times (in case of permanent disability) the gross annual remuneration of the insured. It has to be noted that, whereas extra-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 which are not fully reimbursed under the mandatory health policy envisaged in the relevant employment contracts.



## **11. OTHER INFORMATION**

The Policy does not contemplate specific remunerations for the independent Directors. The remuneration of the Independent Directors is determined by the Shareholders' Meeting at the time of their appointment.

As regards the membership to each committee within the Board of Directors, Directors shall receive a fixed annual remuneration, regardless of the specific internal committee of which the Director is a member. Attendance fees could be foreseen, based on the actual attendance by each director to the meetings of the Board of Directors and of the specialised Committees.

The fixed remuneration payable to the Chairman, who holds also the office of independent Director and has certain specific technical skills, shall include an additional fixed compensation, to be added to the fixed remuneration contemplated in favour of the other non-executive Directors.

With regard to the offices held in subsidiaries by any Beni Stabili director or Strategic Executive, the Policy provides that (i) if the relevant office held in the subsidiary is a non-executive one, the remuneration due shall be returned in full to Beni Stabili, while (ii) if the relevant office is an executive one, the remuneration due to the relevant director may be retained by the same, upon Company's consent.

The Policy is substantially in line with the remuneration principles and guidelines in force within the Beni Stabili Group and, in particular, with the directives of Foncière des Régions S.A., the Company exercising management and coordination activity.





## **SECTION II - REMUNERATION DETAILS**

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

### **PART ONE**

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

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

##### **Executive Directors**

During the 2016 fiscal year, the only Company Director considered "executive" was the Chief Executive Officer. Such office was held by Christophe Kullmann.

The remuneration of Mr. Christophe Kullmann, for 2016 fiscal year, in line with the 2016 fiscal year Policy's provisions, also of extraordinary nature, was as follows:

- € 375,000 gross as the remuneration established for the position of Chief Executive Officer structured as follows: € 250,000 (which is the *pro rata temporis* remuneration of the approved gross annual remuneration equal to € 500,000) for the period from 1 January 2016 to 30 June 2016, and € 125,000 (which is the *pro rata temporis* remuneration of the approved gross annual remuneration equal to € 250,000) for the period from 1 July 2016 to 31 December 2016;
- € 31,693.99 gross as the remuneration established for the position of Director structured as follows: € 13,387.98 (which is the *pro rata temporis* remuneration of the approved gross annual remuneration equal to € 50,000) for the period from 1 January 2016 to 6 April 2016, and € 18,306.01 (which is the *pro rata temporis* remuneration of the approved gross annual remuneration equal to € 25,000) for the period from 7 April 2016 to 31 December 2016; in addition to this amount the attendance fees shall be taken into consideration; such fees are equal to € 12,000 for the period from 7 April 2016 to 31 December 2016 (namely from the date when the Board of Directors provided for the assignment of attendance fees as remuneration for the attendance to the meetings of the Board of Directors);
- € 6,000 gross as the remuneration established for the position of member of the Executive and Investments Committee.

It has to be noted that the remuneration granted by Foncière des Régions Group to the Company's Chief Executive Officer Mr. Christophe Kullmann is composed of a fixed component, a short-term variable component and a medium-long term variable component, taking into account that the current Chief Executive Officer is also the General Manager of the French parent company Foncière des Régions S.A.

We point out that the part of said remuneration, which is granted to the Chief Executive Officer for the positions that the same holds within the Group, that will be borne by the Company has been determined in a lump-sum all inclusive amount including the fixed and variable components of such remuneration. Following the appointment of the General Manager, since 1st July 2016, said amount has been reduced to Euro 250,000<sup>1</sup>.

##### **General Director**

During the 2016 financial year, at the Board meeting of 3 May 2016, the Board of Directors appointed with effect from 1st July 2016, Mr. Alexei Dal Pastro as General Manager of the Company.

The agreements entered into with the General Manager determined the following remuneration structure:

- (i) a fixed component of € 220,000, plus the usual fringe benefits (car and telephone);

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<sup>1</sup> Pursuant to a specific agreement in force between Beni Stabili and Foncière des Régions S.A. the remuneration described at point (i) above is paid directly from Foncière des Régions S.A. as a part included in the global remuneration of Mr. Kullmann for the offices he holds and the activities carried out within the Foncière des Régions Group.



- (ii) a short term variable component (bonus) which consists of a cash premium up to 50% of the fixed component of the remuneration (namely up to € 110,000), to be granted every year upon achievement of predetermined performance targets determined by the Board of Directors every year;
- (iii) a medium-long term variable component which consists of the assignment of a number of free FdR shares - with a three-year or more vesting period - based upon: up to 50% the market performance of Beni Stabili share (provided that it remains within the Group), and for the remaining 50%, the achievement of predetermined operational objectives at Beni Stabili's level in the medium-long term.

The remuneration of the General Manager for 2016 fiscal year, in line with the current Company's Policy, was as follows:

- the *pro rata temporis* remuneration of the fixed component as described under point (i) above, is equal to € 110,340;
- € 66,000 as short-term variable component of the remuneration, n. 1,500 Foncière des Régions S.A. free shares as medium-long term variable component of the remuneration, in accordance with the resolution taken by the Board of Directors during the Board meeting of 9 February 2017, upon valuation regarding the achievement of the 2016 performance objectives.

### **Strategic Executives**

During 2016 financial year, the *Chief Financial Officer*, Mr. Luca Lucaroni, Strategic Executive of the Company, resigned from his office with effect from 1st October 2016.

The remuneration of Mr. Luca Lucaroni, for 2016 fiscal year, was as follows:

- € 243,463, as gross annual remuneration for the position of Executive of the Company (until 30 September 2016);
- € 1,102,761 as gross loss of job indemnity, structured as follows:
  - o € 783,000 (namely equal to the 21 months cost borne by the Company related to the executive);
  - o € 5,218 as end of service payment (so-called "TFR");
  - o Retention of the free FdR shares that he received during the years 2012-2014 (equal to 3,500 shares).

The remuneration of the *Chief Corporate Officer*, Mr. Stefano Vittori, for 2016 fiscal year, in line with the provisions of the 2016 fiscal year Policy, was equal to a gross annual amount of Euro 341,574.

The Board of Directors during the Board meeting of 9 February 2017, upon valuation regarding the achievement of the 2016 performance objectives recognised to the *Chief Corporate Officer* an amount of Euro 55,428 as short-term variable component of the remuneration and n. 500 free FdR shares as medium-long term variable component.

It has to be noted that, during 2016, as Mr. Vittori was appointed with new functions, in accordance with the renewed Company's corporate structure, the remuneration agreement with the same was modified. Therefore, with effect from 1 January 2017, his remuneration structure has been modified as follows:

- (i) the fixed component of the remuneration has been restated and is equal to a gross annual amount of € 275,000 plus the usual fringe benefits (guest house, car and telephone);
- (ii) a short term variable component (bonus) which consists of a cash premium up to 30% of the fixed component of the remuneration, to be granted upon achievement of predetermined annual performance targets (with a guaranteed minimum of € 25,000);
- (iii) a medium-long term variable component which consists of the assignment of a number of free FdR shares - with a three-year or more vesting period - of FdR subject to the fact that he remains within the Group.

In the context of such restatement of the aforementioned agreements, the Executive's loss of job indemnity was modified as well, as better described below.

### **Additional information**

With regard to remuneration received in 2016 by other members of the Board of Directors and members of the Board of Statutory Auditors, please refer to Table 1 below.

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

Currently there is no incentive scheme in force based on financial instruments issued by Beni Stabili.



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

Following the resignation of Mr. Luca Lucaroni from his office as Chief Financial Officer, Mr. Lucaroni received a lump-sum equal to Euro 1,102,761 gross, for the early termination of his office, in accordance with an agreement contemplating an indemnity payable in the event of early termination of the employment contract and also with a specific settlement agreement.

Agreements contemplating indemnities payable in the event of early termination of the employment contract are in force also between the Company and the Chief Corporate Officer, Mr. Stefano Vittori

In particular, during 2016, in the context of the aforementioned modification of the remuneration agreement with the executive (with effect from 1st January 2017), the executive's loss of job indemnity was also modified. Said indemnity was restated to an amount equal, until 31 December 2019, to 33 months of the fixed component of the gross annual remuneration, plus the average of the bonuses received during the 36 months preceding the termination of employment, and the retention of the free shares allocated to the executive during the years 2013-2016. After 31 December 2019, said indemnity will be equal to 24 months of the fixed component of the gross annual remuneration plus the bonuses received.

During the Board meeting of 9 February 2017, the Beni Stabili's Board of Directors, upon previous opinion from the Nomination and Remuneration Committee, resolved to grant to the General Manager Mr. Alexei Dal Pasto an indemnity equal to 12 months of his annual gross remuneration (including the fixed and variable component of the remuneration), plus an indemnity equal to an additional month of the annual gross remuneration per each year spent in the Company up to a maximum equal to 24 months of said remuneration. The payment of such indemnity will be subject to the achievement of specific Company's performance objectives.

The Company does not currently have in force any agreements involving the assignment or retention of non-cash benefits in favour of persons resigning from the office, nor has it signed consulting contracts with such persons for a period after termination of their employment.

A non-competition agreement, applicable for the 18 months following the possible termination of the employment relationship, has been concluded with the Chief Corporate Officer for a value of Euro 500 per month.

### ***PART TWO***

Details concerning the remuneration paid in 2016, in any form and for any reason, by the Company and by companies of the Beni Stabili Group, are set forth in the tables below, drafted in accordance with 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, included in the Beni Stabili Group.

In light of the circumstance that the remunerations received as Directors of subsidiaries of the Company are charged back in full to Beni Stabili, such remunerations are not indicated in the tables below.



**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	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				100 (a)	15 (a)							
(II) Remuneration from subsidiaries and associates				12								
(III) Total				112	15					127		
<b>Christophe Kullmann</b>	CEO	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				375 (b)								
				32	6 (b)							
				12								
(II) Remuneration from subsidiaries and associates												
(III) Total				419	6					425		
<b>Leonardo Del Vecchio</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				32 (c)	2 (c)							
(II) Remuneration from subsidiaries and associates												
(III) Total				32	2					34		



(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	7.04.16	09.02.17									
(I) Remuneration in the company preparing the financial statements				32 (d) 12	2 (d)							
(II) Remuneration from subsidiaries and associates												
(III) Total				44	2					46		
<b>Jean Laurent</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				32 (e) 12	4 (e)							
(II) Remuneration from subsidiaries and associates												
(III) Total				44	4					48		
<b>Micaela Le Divelec Lemmi</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				18 (f) 9	4 (f)							
(II) Remuneration from subsidiaries and associates												
(III) Total				27	4					31		
<b>Adriana Saitta</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				18 (g) 12	9 (g)							
(II) Remuneration from subsidiaries and associates												
(III) Total				30	9					39		



(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>Ariberto Fassati</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				18 (h) 12	13 (h)							
(II) Remuneration from subsidiaries and associates												
(III) Total				30	13					43		
<b>Angelo Busani</b>	Director	7.04.16	31.12.18									
(I) Remuneration in the company preparing the financial statements				18 (i) 12	4 (i)							
(II) Remuneration from subsidiaries and associates												
(III) Total				30	4					34		
<b>Isabella Bruno Tolomei Frigerio</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				13								
(II) Remuneration from subsidiaries and associates												
(III) Total				13						13		
<b>Giacomo Marazzi</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				13	6							
(II) Remuneration from subsidiaries and associates												
(III) Total				13	6					19		



(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>Clara Pierfranca Vitalini</b>	Director	17.04.13	31.12.15									
(I) Remuneration in the company preparing the financial statements				13	4							
(II) Remuneration from subsidiaries and associates												
(III) Total				13	4					17		
<b>Giuseppe Cerati</b>	Chairman, Board of Statutory Auditors	9.04.15	31.12.17									
(I) Remuneration in the company preparing the financial statements				60 (j)								
(II) Remuneration from subsidiaries and associates												
(III) Total				60						60		
<b>Marcellino Bortolomiol</b>	Chairman, Board of Statutory Auditors Standing Auditor	9.04.15	31.12.17									
(I) Remuneration in the company preparing the financial statements				45 (k)								
(II) Remuneration from subsidiaries and associates				33								
(III) Total				78						78		





(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>Emanuela Rollino</b>	Standing Auditor	9.04.15	31.12.17									
(I) Remuneration in the company preparing the financial statements				45 (I)								
(II) Remuneration from subsidiaries and associates												
(III) Total				45						45		
<b>Luca Lucaroni</b>	<b>Strategic Executive</b>	8.11.10 (m)	30.09.16									
(I) Remuneration in the company preparing the financial statements				201				4				788
(II) Remuneration from subsidiaries and associates												
(III) Total				201				4		205		788
<b>Stefano Vittori</b>	<b>Strategic Executive</b>	3.05.16 (m)										
(I) Remuneration in the company preparing the financial statements				316		55		6				
(II) Remuneration from subsidiaries and associates												
(III) Total				316		55		6		377		



(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>Alexei Dal Pastro</b>	<b>Strategic Executive</b>	3.05.16 (m)										
(I) Remuneration in the company preparing the financial statements				110		66		2				
(II) Remuneration from subsidiaries and associates												
(III) Total				110		66		2		178		

## NOTES

We point out that:

- in the column (1) “Fixed Remuneration”, the remuneration is indicated on an accrued basis, in accordance with Table 1, Scheme no. 7-*bis* of Schedule 3A of the Issuers’ Regulation adopted by Resolution no. 11971 of 14 May 1999, as subsequent amended and supplemented;
- in the column (3) “Variable non-equity compensation - Bonuses and other incentives”, the amounts of the variable component/bonus accrued during the financial year for the objectives achieved during the same year are indicated;
- with regard to column (4) “Non monetary benefits”, only the value of fringe benefits (according to a taxability criteria) is indicated. The value of insurance policies related to each beneficiary has not been indicated, as they are general insurance policies, provided for at a company level for more beneficiaries;
- with regard to column (8) “Severance indemnity for end of office or termination of employment” we point out that Mr. Luca Lucaroni is the only Strategic Executive who relinquished his office, with effect from 1st October 2016, during the financial year. As specified in the first part, Section II of this Report, this column indicates the value of the indemnity granted to said Executive.

In column (6) “**Total**”, items from (1) to (5) are added.

## Premise

With regard to the remuneration granted to the members of the Board of Directors during 2016 financial year, we point out that:

- on 17 April 2013 the Shareholders’ Meeting resolved to assign to the Board of Directors an overall gross annual remuneration of € 500,000 with the right of the Board of Directors to divide it among its members.



During the Board of Directors' meeting held on the same date, the Board of Directors resolved, among other things, to divide said remuneration as follows:

- € 100,000 for the Chairman;
- € 50,000 for each of the other Directors.

During the same meeting, the Board of Directors, upon proposal of the Remuneration Committee, resolved to assign a gross annual remuneration of € 6,000 to each member of the various committees;

- on 7 April 2016 the Shareholders' Meeting, called to resolve upon the appointment of the new Board of Directors, resolved, among other things, to assign to the Board of Directors an overall gross annual remuneration of € 500,000, inclusive of any attendance fees, with the right of the Board of Directors to divide it among its members.

During the Board of Directors' meeting held on the same date, the Board of Directors resolved, among other things, to divide said remuneration as follows:

- € 100,000 for the Chairman;
- € 25,000 for each of the other Directors;
- € 3,000 for each of the Directors as attendance fee for each Board of Directors' meeting attended.

During the same meeting, the Board, upon proposal of the Remuneration Committee, resolved to assign to each member of the various committees a gross annual remuneration of € 6,000.

The remunerations granted to those Directors who relinquished their office as their mandate expired (on Meeting of 7 April 2016) and was not renewed (*i.e.* Isabella Bruno Tolomei Frigerio, Giacomo Marazzi and Clara Vitalini) are indicated, on a pro rata basis, up to their termination of office.

In consideration of the above, the remunerations described in the table represent the pro rata quota of the remuneration granted to each Director during the relevant periods.

- As at today's date, **Mr. Enrico Laghi** is the Chairman of the Executive and Investments Committee and Chairman of the Nomination and Remuneration Committee. Up to 7 April 2016, when the Board of Directors, among other things, resolved to group the Nomination committee's and Remuneration committee's duties, Mr. Laghi was member of four committees. As of 7 April 2016 he is member of the abovementioned two committees.
- On 7 April 2016 the Board of Directors appointed **Mr. Christophe Kullmann** as Chief Executive Officer of the Company, confirming a gross annual remuneration of € 500,000 in favour of Mr. Kullmann. Subsequently, following the appointment of Mr. Alexei Dal Pastro as General Manager of the Company, the Board of Directors, with effect from 1 July 2016, restated an annual gross remuneration to be granted to the Chief Executive Officer of € 250,000. Therefore, with regard to Mr. Christophe Kullmann:
  - the fixed compensation stated in the table is comprehensive not only of the remuneration granted by the Board of Directors for the office of Chief Executive Officer (€ 375,000 on a pro rata basis), but also of the remuneration granted for the office of Director (€ 32,000) and of the attendance fees, effective as of 7 April 2016 and related to the attendance to the four Board meetings held since such date (€ 12,000);
  - the compensation for the attendance to the committees' meetings of which he was a member up to 7 April 2016 and of which he is currently a member with regard to 2016 financial year amounts to € 6,000.
- Up to 7 April 2016 **Mr. Leonardo Del Vecchio** was a member of the Executive and Investments Committee.
- Up to 7 April 2016 **Mrs. Françoise Pascale Jacqueline Debrus** was a member of the Nomination Committee. For the sake of completeness, we point out that Mrs. Debrus resigned from her office as Director of the Company with effect from 9 February 2017.
- As of 7 April 2016 **Mr. Jean Laurent** is a member of the Executive and Investments Committee.
- As of 7 April 2016 **Mrs. Micaela Le Divelec Lemmi** is a member of the Nomination and Remuneration Committee.
- As of 7 April 2016 **Mrs. Adriana Saitta** is a member of the Executive and Investments Committee and of the Control and Risk Committee.
- As of 7 April 2016 **Mr. Ariberto Fassati** is a member of the Executive and Investments Committee, of the Nomination and Remuneration Committee and of the Control and Risk Committee.
- As of 7 April 2016 **Mr. Angelo Busani** is a member of the Control and Risk Committee.



- j) **Mr. Giuseppe Cerati** is the Chairman of the Board of Statutory Auditors. Mr. Cerati was appointed by the Shareholders' Meeting held on 9 April 2015 for the financial years 2015-2017. The Shareholders' Meeting resolved to grant an annual gross remuneration for said office of € 60,000.
- k) **Mr. Marcellino Bortolomiol** is a standing Statutory Auditor. Mr. Bortolomiol was appointed by the Shareholders' Meeting held on 9 April 2015 for the financial years 2015-2017. The Shareholders' Meeting resolved to grant an annual gross remuneration for said office of €45,000. Up to said date, Mr. Bortolomiol was the Chairman of the Board of Statutory Auditors.
- l) **Mrs. Emanuela Rollino** is a standing Statutory Auditor. Mrs. Rollino was appointed by the Shareholders' Meeting held on 9 April 2015 for the financial years 2015-2017. The Shareholders' Meeting resolved to grant an annual gross remuneration for said office of € 45,000.
- m) The Board of Directors of Beni Stabili S.p.A. SIIQ, during the meeting held on 3 May 2016, among other things, appointed (with effect from 1st July 2016) the General Manager **Mr. Alexei Dal Pastro** as “**Executive with strategic responsibilities**” and confirmed **Mr. Stefano Vittori** as Chief Corporate Officer. Both of them are executives of the Company.

We point out that the Chief Financial Officer of the Company Mr. Luca Lucaroni resigned from his office with effect from 1st October 2016. Therefore, in the table are indicated the remunerations granted to him up to such date, including the loss of job indemnity as better described in first part, Section II of this Report.





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>until 30.09.16</i>												
		Plan C (06/05/11)											€ 39,995 (d)
		Plan D (2012)	500 free shares	07/11/13 06/11/17									
		Plan E (2013)	2.500 free shares	25/06/14 25/06/18									
(III) Total													€ 39,995

## NOTES

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

- (a) Refers to 700 free FdR shares assigned on 8 November 2012 (vesting period: 08/11/2012 – 07/11/2016). The unit fair value of the free FdR shares as at the date of assignment of 7 November 2016 is € 79.99.
- (b) The unit fair value of the free FdR shares as at the date of assignment of 27 April 2016 is € 82.98.
- (c) The market price of the free FdR shares as at the date of assignment of 27 April 2016 is € 82.67.
- (d) Refers respectively to no. 500 free FdR shares assigned on 8 November 2012 (vesting period: 08/11/2012 – 07/11/2016). The unit fair value of the free FdR shares as at the date of assignment of 7 November 2016 is € 79.99.



**Table 3B: Monetary incentive plans for Directors, general managers and other Strategic Executives(€/000)**

A	B	(1)	(2)			(3)			(4)
Name and surname	Office	Plan	Bonus of the year			Bonus of previous years			Other Bonuses
<b>Stefano Vittori</b>	<b>SE</b>		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	Not payable anymore	Payable/paid	Still deferred	
(I) Compensation in the company preparing the financial statement		Plan A 09/02/17	55						
(II) Compensation from subsidiaries and associates		Plan A							
(III) Total			55						
<b>Alexei Dal Pastro</b>	<b>SE</b>		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	Not payable anymore	Payable/paid	Still deferred	
(I) Compensation in the company preparing the financial statement		Plan A 09/02/17	66						
(II) Compensation from subsidiaries and associates		Plan A							
(III) Total			66						





**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
Leonardo Del Vecchio	Director	Beni Stabili S.p.A. SIIQ	32,307,352	27,102,216		59,409,568 (1)
Christophe Kullmann	Director	Beni Stabili S.p.A. SIIQ	180,360			180,360

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

**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
3	Beni Stabili S.p.A. SIIQ	87,750 (1)			

(1) Mr Lucaroni resigned with effect on October 1<sup>st</sup>, 2016. At the same date he held no. 87,750 Beni Stabili shares.