BENI STABILI S.p.A. SIIQ

ILLUSTRATIVE REPORT PREPARED BY THE BOARD OF DIRECTORS ON THE ITEM NO. 1 ON THE AGENDA OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF BENI STABILI S.P.A. SIIQ OF 9 APRIL 2015, PURSUANT TO ART. 125-*TER* OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998 AND TO ART. 84-*TER* OF THE CONSOB RESOLUTION NO. 11971/1999.

AGENDA

1. Financial statements as at 31 December 2014 and related Management Report. Board of Statutory Auditors Report on the period ended 31 December 2014. Dividend distribution to shareholders.

   Pertinent and consequent resolutions.

2. Appointment of the Board of Statutory Auditors for 2015, 2016 and 2017 by the list voting procedure envisaged in Article 20 of the Articles of Association.

   Appointment of the Chairman.

   Determination of remuneration.

   Pertinent and consequent resolutions.

3. Examination of the first part of the Remuneration Report.

   Pertinent and consequent resolutions.

ILLUSTRATIVE REPORT ON THE ITEM NO. 1 ON THE AGENDA

1. **<u>Financial statements as at 31 December 2014 and related Management Report. Board of Statutory Auditors Report on the period ended 31 December 2014. Dividend distribution to shareholders.</u>**

   <u>Pertinent and consequent resolutions.</u>

Dear Shareholders,

As disclosed in the financial statements as at 31 December 2014 and in the Management Report, the year closed with a net loss of 73,899,932.35 Euro.

As described in paragraph 6 in the notes to the Financial Statements as at 31 December 2014, this result includes, pursuant to SIIQ regulations, a profit from tax-exempt operations of 8,495,201.93 Euro and a loss on taxable operations of 82,395,134.28 Euro. Consequently, in accordance with the reference regulations, the SIIQ is under no obligation to distribute the result of tax-exempt operations.

Considering that the net income for the year was significantly affected by extraordinary and non-recurring items, in the absence of which it would have been positive, subject to approval of the financial statements as at 31 December 2014, the Board of Directors proposes:

- to fully cover the loss for the year 2014, amounting to 73,899,932.35 Euro using: i) 14,577,177.59 Euro from the Profit reserve for bonds, which consequently is zeroed; ii) 5,666,073.41 Euro from the Profit reserve for Italian law 266/2005 revaluations, which would consequently drop from 155,978,979.80 Euro to 150,312,906.39 Euro; iii) 53,656,681.35 Euro from Capital reserve included in the spin-off surplus, which would drop from 127,026,073.96 Euro to 73,369,392.61 Euro;
- to reclassify the Non-distributable reserve pursuant to Article 6, Italian Legislative Decree no. 38 dated 28 February 2005 by 12,479,575.77 Euro, increasing the Retained

earnings reserve by the same amount. Consequently, the Non-distributable reserve pursuant to Italian Legislative Decree no. 38, relating to the fair value measurement of property assets, would drop from 132,628,562.79 Euro to 120,148,987.02 Euro whereas the Retained earnings reserve would increase from 178,152.01 Euro to 12,657,727.78 Euro.

The amount of 12,479,575.77 Euro corresponds: i) to total write-downs recorded in 2014 on properties previously written-up; ii) to total write-ups recorded in previous years on properties sold in 2014. These amounts were reduced by the write-ups on properties recorded in 2014 in application of the fair value option. The related deferred tax effect on the residual revaluations as at 31 December 2014 was considered as well;

- to distribute to the Shareholders a dividend of 0.022 Euro for each ordinary share in issue as at the ex-dividend date, net of treasury shares held on that date, to be withdrawn only from capital reserves and profit reserves generated in tax periods prior to the adoption of the SIIQ regime.

Based on the shares in issue (2,269,425,886), net of treasury shares held (961,000), the total dividend would amount to 49,906,227.49 Euro for withdrawal as follows: i) 12,657,727.78 Euro from the Retained earnings reserve, which would consequently reduce to zero; ii) 37,248,499.71 Euro from the Capital reserve included in the spin-off surplus, which would drop from 73,369,392.61 Euro to 36,120,892.90 Euro.

The dividend will be paid on the ex-dividend date of 4 May 2015 (coupon 19), from 6 May 2015. Specifically, pursuant to the regulations in force, the entitlement to the payment of profits is determined on the basis of accounting evidences relevant to the end of the accounting day of the first settlement day following the payment date (record date: 5 May 2015).

Should you agree with the above proposals, we invite you to adopt the following resolutions:

"the General Meeting

- having examined the Financial Statements as at 31 December 2014, which include the Management Report;
- having read the Report of the Board of Statutory Auditors prepared pursuant to Article 153, Italian Legislative Decree no. 58 dated 24 February 1998;
- having read the Report of the Independent Auditors, Mazars S.p.A., prepared pursuant to Articles 14 and 16, Italian Legislative Decree no. 39 of 27 January 2010,

resolves

- to approve the Financial Statements as at 31 December 2014 and the related Management Report;
- to fully cover the loss for the year 2014, amounting to 73,899,932.35 Euro using: i) 14,577,177.59 Euro from the Profit reserve for bonds; ii) 5,666,073.41 Euro from Profit reserve pursuant to Italian Law 266/2005 revaluations; iii) 53,656,681.35 Euro from the Capital reserve included in the spin-off surplus;
- to reclassify the Non-distributable reserve pursuant to Article 6, Italian Legislative Decree no. 38 dated 28 February 2005 by 12,479,575.77 Euro, increasing the Retained earnings reserve by the same amount;
- to distribute to the shareholders a dividend of 0.022 Euro for each ordinary share in issue at the ex-dividend date, net of treasury shares held on that date. Based on the shares in issue (2,269,425,886), net of treasury shares held (961,000), the total dividend would amount to 49,906,227.49 Euro for withdrawal as follows; i) 12,657,727.78 Euro from the Retained earnings reserve; ii) 37,248,499.71 Euro from the Capital reserve included in the merger surplus.

The dividend will be paid on the ex-dividend date of 4 May 2015 (coupon 19), from 6

May 2015. Specifically, pursuant to the regulations in force, the entitlement to the payment of profits is determined on the basis of accounting evidences relevant to the end of the accounting day of the first settlement day following the payment date (record date: 5 May 2015).

- to grant all powers, without exclusion or exception, to the Board of Directors, hence to the Chairman and the Chief Executive Officer, permitting them, separately, if necessary via the appointment of special attorneys, to take all action and complete all formalities required to implement this resolution.".

Rome, 10 March 2015

For the Board of Directors

The Chairman

(Enrico Laghi)