



The Board of Directors of Beni Stabili approves the execution of the Merger Agreement with Foncière des Régions

Milan, 24 May 2018

Further to the proposal previously received from Foncière des Régions S.A. (“FdR”) and announced to the market on 20 April 2018, the Board of Directors of Beni Stabili S.p.A. SIIQ (“Beni Stabili” or the “Company” and, together with FdR, the “Companies”) met earlier today and approved, with unanimity of independent Directors, the execution of the agreement with FdR setting out the terms and conditions of a merger by means of incorporation of the Company into FdR (the “Merger Agreement”). The execution of the Merger Agreement by the Companies will occur after the approval by the Board of Directors of FdR, whose meeting is scheduled to take place tomorrow, 25 May 2018.

The above resolution of the Board of Directors follows the previous favourable opinion of Beni Stabili’s Related-Parties Committee issued earlier today, in accordance with the Company’s Procedure for Transactions with Related Parties.

The Board further resolved to convene the extraordinary shareholders’ meeting of Beni Stabili on 5 September 2018, to approve the proposed merger.

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RATIONALE OF THE TRANSACTION

The proposed merger represents a significant step towards the simplification of the Group to which Beni Stabili belongs and would increase ties between its different divisions and activities.

The transaction would provide Beni Stabili's shareholders with access to one of the largest European REITs with:

1. A unique exposure to European real estate, and to its most growing markets:
 - a. The combined entity would reach a portfolio of around € 15 Bn, with respect of current € 3.5 Bn real estate assets in Beni Stabili ⁽¹⁾;
 - b. Foncière des Régions group operates already in the main European metropolitan areas (such as Paris and Berlin, besides Milan), and is present in different market segments such as offices hotel and residential;
 - c. In addition, the group offers the exposure to over € 5 Bn of development pipeline.
2. A strengthened capital market profile and visibility of the group, through the growth of market capitalisation to over € 7 Bn post-merger from €1.7 Bn of Beni Stabili ⁽²⁾, the increase of free float and, more generally, the liquidity of the stock;
3. A stronger credit profile, being Foncière des Régions rated BBB by S&P and Beni Stabili BBB- by the same agency, thus benefiting directly from Foncière des Régions' wider access to financial resources and to capital markets;
4. A group with higher return: on the basis of the proposed merger terms, the contemplated transaction aims at generating overall positive economic impacts (with respect to 2017, dividend per share higher by approximately 16% than Beni Stabili 2017 dividend) ⁽³⁾.

Post completion of the contemplated merger, the combined entity would become even more active in Italy through a dedicated branch, with a view to accelerate the implementation of its portfolio rotation and real estate strategy, focusing on prime offices in Milan. The group would remain actively involved in the regeneration and development of new tertiary zones in Milan and in providing premium services to its tenants.

MAIN TERMS AND CONDITIONS OF THE TRANSACTION

The Merger Agreement regulates the mutual obligations of the Companies and the overall process to pursue the merger by means of incorporation of Beni Stabili into FdR (the "Merger"). Upon effectiveness of the Merger, FdR will establish a permanent establishment (PE) in Italy, to which all of Beni Stabili's current assets and liabilities will be assigned, including the stakes in the Company's subsidiaries and in Central SICAF S.p.A. The PE, which will apply the special tax regime provided under the Italian SIIQ law, will continue to carry out, without any interruption and through the current Beni Stabili's employees, the same activities that the Company carried out prior to the Merger being effective.

Furthermore, FdR's objective is to pursue a dual listing and to have all of the combined entity's shares listed on Euronext Paris (the French regulated market) and on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

After having examined and endorsed the fairness opinion of Lazard S.r.l., acting as independent financial advisor, and having acknowledged the favourable opinion of the Related-Parties Committee, the Board of Directors of Beni Stabili approved the Merger exchange ratio (the "Exchange Ratio") as follows:

¹ End 2017, pro-forma of 9% SICAF Telecom Italia disposal.

² As at the day before announcement (19 April 2018).

³ Based on 2017 dividends of €4.50 for FDR shares and €0.033 for Beni Stabili shares.



8.5 shares of FdR in exchange for 1,000 shares of Beni Stabili.

The Exchange Ratio was determined on a fully-diluted basis, also taking into account the 2017 dividends paid by Beni Stabili and FdR to their shareholders, and is based on the financial statements of the Companies for the financial year ended 31 December 2017.

According to the terms and conditions of the Merger Agreement, the Exchange Ratio shall be automatically adjusted if Beni Stabili decides to pay an interim dividend pursuant to Art. 2433-*bis* of the Italian Civil Code for 2018 before completion of the Merger in order to comply with the SIIQ regime. The Exchange Ratio shall also be automatically adjusted if FdR or Beni Stabili were to decide to raise capital by way of a rights issue before completion of the Merger (provided that Beni Stabili and FdR shall only complete a rights issue in accordance with their current financial authorizations and up to an aggregate number of shares representing not more than 10% of their respective share capital).

Under the Merger Agreement, each of the Companies will commit to conduct its respective activities in the ordinary course of business, and not to carry out any material transaction which would delay or prevent the completion of the Merger.

It is envisaged that the Board of Directors of BS and FdR will approve in the course of July 2018, with the involvement of Beni Stabili's Related-Parties Committee to the extent required, the common merger plan that will also govern the technical implementation and completion of the merger, based on respective six-month financials as of June 2018 (the "Merger Plan").

Prior to the approval of the Merger Plan, the holders of bonds convertible into Beni Stabili shares arising from the loan called "€ 200,000,000 0.875 per cent. Convertible Bonds due 2021" (the "Bonds") will be granted a right to early convert their bonds pursuant to Art. 2503-*bis*, paragraph 2, of the Italian Civil Code, without prejudice to all the other terms and conditions of the Bonds. A specific notice in this respect, as well as any other notices and communications relating to the Bonds, shall be published by the Company under the applicable laws and also in accordance with the terms and conditions of the Bonds.

All Beni Stabili shareholders not contributing to the approval of the Merger at the extraordinary shareholders meeting of 5 September 2018 (*i.e.*, all absent, abstaining or dissenting shareholders) will be granted a withdrawal right also pursuant to Art. 6 of the Legislative Decree No. 108/08 and to Art. 2437-*bis*, paragraph 1, letter c), of the Italian Civil Code. Information on the share value to be paid to shareholders exercising their withdrawal right, as well as on how and when shareholders may exercise their withdrawal right, will be provided in accordance with applicable laws and regulations.

EFFECTIVENESS OF THE MERGER AND CONDITIONS TO WHICH THE TRANSACTION IS SUBJECT

FdR and Beni Stabili undertook *inter alia* to cooperate in order to consummate and make effective the Merger.

The effectiveness of the Merger shall occur on a date to be agreed by the Companies after completion of the applicable instrumental activities and formalities pursuant to the Italian and French laws, in any event no later than 31 December 2018.

The obligation of Beni Stabili and FdR to complete the Merger pursuant to the Merger Agreement shall be subject to the satisfaction or, to the extent permitted by applicable law, waiver by both Companies, of the following conditions:

- the approval of the Merger by the extraordinary shareholders' meetings of Beni Stabili and FdR respectively;



- admission to listing on Euronext Paris of the new FdR Shares that will be issued in favour of Beni Stabili's shareholders pursuant to the Merger Plan, in order to be traded upon the completion date of the Merger as well as any other existing FdR shares;
- delivery by the competent French authority and an Italian notary public of pre-Merger compliance certificates regarding pre-Merger acts and formalities, and of the final legality certificates, all in accordance with the provisions of the Legislative Decree 108/2008 and the corresponding provisions of the French laws.

THE APPROVAL OF THE MERGER AGREEMENT AS A "MATERIAL TRANSACTION WITH A RELATED PARTY"

FdR informed BS that as at 22 May 2018, it held shares of Beni Stabili representing approximately 56.74% of the Company's share capital. Furthermore, FdR directs and coordinates Beni Stabili's activities pursuant to Art. 2497-*bis* of the Italian Civil Code.

In light of the above, the proposed Merger qualifies as "material transaction with a related party" and was subject to the provisions of the "Procedure for the regulation of Related Party Transaction" adopted by the Company (the "Related-Parties Procedure"). In particular:

- the Board of Directors approved the Merger Agreement after having received and acknowledged the unanimous favourable opinion of all members of the Related-Parties Committee for the purposes indicated in the Related-Parties Procedure;
- within 7 days of the date hereof, Beni Stabili will make available at its registered offices in Rome, Via Piemonte, 38, Rome, and publish on its website (www.benistabili.it) the information document pursuant to Art. 5 of, and Annex 4 to, the CONSOB's regulation approved with resolution no. 17221 of 12 March 2010, as amended.

Beni Stabili, its Board of Directors and the Related-Parties Committee have been assisted by Lazard S.r.l. as independent advisor, who has also issued a fairness opinion on the proposed exchange ratio. The Company, following the request from the Related-Parties Committee, upon input of the director appointed from the minority slate, has also appointed Deloitte Financial Advisory S.r.l. who provided an analysis of the evaluation methodologies.

For more information:

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Beni Stabili Siiq, a leading property company in the Italian real estate sector

Beni Stabili is the leading property player in the Italian real estate market with total assets of 4bn euro. Our assets portfolio is located in key locations of North and Central Italy's major cities with a major focus on Milan and consist mainly of offices. We pursue the appreciation of our assets to increase profitability and create value for our clients, partners and shareholders.

As a major player in office investment and development, we foster pioneering solutions to improve the environmental performance of our buildings for the well-being of our clients' employees. With this in mind we are developing in Milan a new business district dedicated to smart working: Symbiosis.

Beni Stabili is listed on the Milan and Paris Stock Exchanges and operates through its main offices of Milan and Rome. Beni Stabili belongs to the Foncière des Régions group, a leading real estate player in Europe who owns and manage a 21bn euro portfolio located in the most attractive metropolitan cities of France, Germany and Italy.

