

*Draft January 14<sup>th</sup>, 2017*

**CORPORATE GOVERNANCE REPORT  
AND THE OWNERSHIP STRUCTURE**

pursuant to article 123-bis TUF  
(traditional administration and control model)

**COIMA RES S.p.A. SIIQ**

[www.coimares.com](http://www.coimares.com)

**Year ended December 31<sup>st</sup>, 2016**

**Approved by the Board of Directors as of February 8<sup>th</sup>, 2017**

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## Glossary

<b>Borsa Italiana:</b>	indicates Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari no. 6
<b>COIMA RES or the Company or the Issuer:</b>	indicates COIMA RES S.p.A. SIIQ.
<b>Code of Self-Discipline or Code:</b>	indicates the Corporate Governance Code of Conduct for listed companies approved on March 2006, as after amended, by the <i>Corporate Governance</i> Committee and promoted by Borsa Italiana.
<b>Civil Code, civ. cod. o c.c.:</b>	indicates the Civil Code.
<b>Control and risk committee:</b>	indicates COIMA RES control and risk committee.
<b>Remuneration Committee:</b>	indicates COIMA RES remuneration committee.
<b>Consob:</b>	indicates the National Commission for Companies and the Stock Exchange, based in Rome, Via G.B. Martini n. 3.
<b>Board or Board of Directors:</b>	indicates COIMA RES' Board of Directors:
<b>Asset Management Agreement or AMA</b>	indicates the contract signed on October 15 <sup>th</sup> , 2015 between the Issuer and the SGR, as subsequently amended.
<b>Report date</b>	indicates the day of February 8 <sup>th</sup> 2017, the date on which this Report was approved - as defined below - by the Board of Directors
<b>Start listing Date</b>	The first day on which the COIMA RES shares were traded on the MTA, i.e. May 13 <sup>th</sup> , 2016.
<b>D.Lgs. 231</b>	indicates the Legislative Decree as of June 8 <sup>th</sup> 2001, n. 231.
<b>Fiscal Year</b>	indicates the financial year ended December 31 <sup>st</sup> , 2016 to which the Report refers.
<b>Issuer Regulation or RE:</b>	indicates the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding Issuers.
<b>Market Regulation:</b>	indicates the Regulation issued by Consob with resolution no. 20249 of 2017 (as subsequently amended) about markets.
<b>Related Parties Regulation:</b>	indicates the Regulation issued by Consob with resolution no. 17221 of March 12, 2010 (as subsequently amended) regarding transactions with related parties.
<b>Report:</b>	indicates the present report on corporate governance and ownership structure that companies are required to prepare pursuant to art. 123- <i>bis</i> TUF.

<b>Financial instruments remuneration</b>	indicates the <i>performance fee</i> linked to the performance of the Company to be paid by the Company to the directors assigned to the Securities
<b>SGR</b>	indicates COIMA SGR S.p.A., based in Milan, Via della Moscova no. 18.
<b>By-laws:</b>	indicates the By-laws of COIMA RES in force at the Date of the Report.
<b>TUF or Consolidated Act:</b>	indicates the Legislative Decree of 24 February 1998, n. 58, as subsequently amended.

## 1. ISSUER PROFILE

The Issuer manages real estate assets mainly consisting of properties for commercial and tertiary use, aimed at generating rental income based on the facilitated tax regime provided for SIIQs.

As of the Date of the Report, the Group's real estate portfolio includes:

- Vodafone Properties: buildings 1, 2 e 3 belonging to the “Vodafone Village” complex, located in Milan, Via Lorenteggio no. 240, and consisting of five buildings mainly for office use and, as at the Date of the Report, entirely leased to the Vodafone Group which has placed within them its headquarters for the latter's Southern Europe;
- Eur Center 2331: property located in Rome, Piazza Don Luigi Sturzo, 23/31, leased to leading tenants such as Fastweb and Axa;
- Gioiaotto: property located in Milan in via Melchiorre Gioia, within the Porta Nuova district, currently leased to prominent tenants as Roland Berger and Grant Thornton. 50% of the property is rented for office use while the remaining 50% of the property is rented for hotel use at NH Hotel, leased to leading tenants such as Fastweb and Axa;
- Branch properties: no. 95 properties - 58 properties - mainly used as a bank agency and leased to the Deutsche Bank Group - owned by Coima Core Fund IV (already Italian Banking Fund), a close real estate investment fund under Italian law reserved for qualified investors (pursuant to current regulations, a reserved type of alternative investment fund) and managed by the SGR, in which the Company holds 100% of the units;
- Bonnet: The Via Bonnet complex consists of three buildings with a commercial area of approximately 19,600 square metres. The Company has acquired a shareholding of approximately 36% in the vehicle that acquired the aforementioned complex;
- Deruta: real estate complex consisting of two buildings, located in Milan, Via Privata Deruta n.19 and entirely leased to BNL - BNP Paribas Group.

The Issuer adopts a traditional administration and control system that is characterized by the presence of:

- a Shareholders' Meeting, a body that expresses the will of the Shareholders in accordance with the law and the Articles of Association;
- a Board of Directors in charge of managing the company's business, which has attributed operational powers to delegated parties;
- a Board of Statutory Auditors called upon to supervise compliance with the law and the Articles of Association and compliance with the principles of correct administration, as well as to check the adequacy of the Company's organisational structure, internal control system and administrative and accounting system;
- an Auditing Firm which is entrusted with the auditing activity and the opinion on the financial statements, in accordance with the law and the Articles of Association.

Within the Board of Directors, in compliance with the recommendations contained in the Corporate Governance Code, a Control and Risk Committee and a Remuneration Committee have been established. The Board of Directors has identified the Control and Risks Committee as the committee responsible under the Related Parties Procedure and has assigned to the Control and Risks Committee the role and responsibilities that, in accordance with the Related Parties Regulation, are vested in committees made up, in whole or in majority, of independent directors.

The Company has adopted an organisational model pursuant to Legislative Decree 231/2001 and has consequently established the Supervisory Body.

In addition to the above and in compliance with the provisions of the Corporate Governance Code and regulations in force, the Company has, inter alia, taken steps to:

- appoint no. 5 independent directors out of a total of 9 members of the Board of Directors (see Chapter 4 of the Report);

- adopt the insider disclosure procedure, the *insider* register procedure and the *internal dealing* procedure (see Chapter 5 of the Report);
- appoint, pursuant to Article 9 of the Corporate Governance Code, the person responsible for relations with shareholders (the "**Investor Relator**") in the person of Fulvio Di Gilio (see Chapter 15 of the Report);
- adopted the Organization and Management Model pursuant to Legislative Decree 231 as of June 8<sup>th</sup> 2001 and the Code of Ethics.

## 2. INFORMATION ON THE OWNERS' ASSETS (pursuant to art. 123-bis, paragraph 1, TUF) as of the Date of the Report

Below is information on the ownership structure, in accordance with the provisions of Article 123-bis, paragraph 1 of the TUF.

### a) *Structure of the share capital (as per Article 123-bis, Section 1, Letter a), TUF)*

The share capital of COIMA RES consists of ordinary shares with no par value and voting rights, admitted to listing on the MTA market organized and managed by Borsa Italiana.

At the closing date of the Financial Year, the share capital of COIMA RES, fully subscribed and paid in, was equal to Euro 14,450,800.00, divided into no. 36,007,000 shares (see Table 1 in the Appendix).

As of the Date of the Report, there have been no changes in the amount of share capital or in its structure since the closing date of the financial year.

The Company does not own, directly or indirectly, own shares, nor have any acquisitions or disposals of these shares taken place during the period, directly or indirectly. In particular, at the Date of the Report, the Issuer does not hold own shares, but there is an authorization to purchase own shares. The shareholders' meeting of the Company on September 14<sup>th</sup>, 2015 in fact resolved to authorize the Board of Directors, with the right to sub-delegate, to purchase and dispose, also through subsidiaries, up to a maximum of the Company's ordinary shares, without indication of the nominal value, equal to 20% of the pro-tempore share capital within the limits and for the purposes permitted by law and market practice, taking into account, after the listing on a regulated market, the specific exemption provided for by paragraph 3 of art. 132 of the T.U.F. - on one or more occasions for a maximum period of 18 months from the date of the resolution (and, therefore, until March 14<sup>th</sup>, 2017). The purchase of own shares will be carried out within the limits of distributable profits and available reserves resulting from the latest financial statements duly approved by the company that were to proceed with the purchase. For further information on this resolution, see the following Paragraph (i).

Except as described below, as of the Date of the Report, the Company has not issued any financial instruments granting the right to subscribe for newly issued shares.

The Managers Manfredi Catella, Gabriele Bonfiglioli, Matteo Ravà were granted a specific incentive through the assignment to them of special financial instruments (the "**Financial Instruments**") issued by COIMA RES.

In particular, on August 6<sup>th</sup>, 2015, the Issuer's Board of Directors resolved to issue to the Company's Managers - i.e., on the Date of the Report, Manfredi Catella, Gabriele Bonfiglioli and Matteo Ravà - in relation to their significant contribution in the start-up and future development of the Company, no. 10,000 Financial Instruments with the characteristics indicated below, at a value equal to Euro 0.10 each paid by the Managers at the time of subscription. These Financial Instruments give the right to the payment of a return linked to the Company's performance, according to the formula indicated below, to be executed also through the assignment of shares of the Company (the "Remuneration of Financial Instruments"); to this end, on September 14<sup>th</sup>, 2015, the COIMA RES Shareholders' Meeting resolved to increase the share capital against payment, excluding option rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 20,000,000 through the issue of new ordinary shares with regular dividend rights reserved for the payment of the return recognized by the Financial Instruments. The increase may be carried out in a divisible manner in one or more tranches over a period of fifteen years from the effective date of the resolution to increase the share capital at a subscription price for each newly issued share equal to the arithmetic average of the prices of one COIMA RES share recorded on the listing market in the period between February 15<sup>th</sup> and March 14<sup>th</sup> of the reference year in which the remuneration of the Financial Instruments is paid to the holders of the Financial Instruments.

The characteristics of the Financial Instruments are summarised below:

(i) up to 10.000 (ten thousand) Financial Instruments have been issued with a nominal value of Euro 0.10 (zero point one); (ii) in relation to the significant contribution of the Managers in the start-up and future development



phase of the Company, the allotment took place in favour of Manfredi Catella on 6 August 2015, Matteo Ravà on 10 August 2015 and Gabriele Bonfiglioli on 11 August 2015, respectively, against payment of the nominal value of the Financial Instruments; (iii) the duration is 15 years and, on expiry of the term, new financial instruments are expected to be issued; (iv) the payment of the Remuneration of the Financial Instruments, according to the formula described below, is due to the achievement of the parameters provided for in the calculation formula and may take place, at the discretion of the Company, through the assignment of ordinary shares of the Company and/or in cash; (v) the Financial Instruments do not give right to the recognition of administrative rights; (vi) the actual payment took place at the end of the first reference period of 3 years although the calculation would be annual and after this first period the return is paid on an annual basis, if accrued; (vii) the Financial Instruments have been subject to a 3-year lock up during which time they could have been transferred, with the consent of the Company, only to other managers who could be identified from time to time; (viii) the estimated market value at the issue date was Euro 10 per Financial Instrument, on the basis of an appraisal prepared by an external consultant who carried out the valuation taking into consideration potential profiles of the expected returns of such instruments on the basis of probabilistic scenarios analysed at the time of the valuation and linked to the prospective data hypothesised by the Company; (ix) the Financial Instruments were underwritten by each of the current Managers in the following proportions:

<b>Manager</b>	<b>Number of instruments subscribed</b>	<b>%</b>
Gabriele Bonfiglioli	1,667	16,67
Matteo Ravà	1,667	16,67
Manfredi Catella	6,666	66,66
<b>Total</b>	<b>10,000</b>	<b>100,00</b>

The share capital increase placed at the service of these Financial Instruments may allow the payment, in whole or in part, of the Remuneration of the Financial Instruments also through ordinary shares of the Issuer.

The Remuneration of the Financial Instruments is calculated annually and is equal to 60% of the minimum between:

- the sum of 10% of the *Shareholder Return Outperformance* in the case of a *Shareholder Return* in excess of 8% (i.e. 10% of the amount, in euro, for which the *Shareholder Return* is higher than a level that would have produced a *Shareholder Return* of 8%) and 20% of the *Shareholder Return Outperformance* in the case of a *Shareholder Return* in excess of 10% (i.e. 20% of the amount, in euro, for which the *Shareholder Return* is higher than a level that would have produced a *Shareholder Return* of 10%), paid on an annual basis,
- 20% of the excess of the NAV per Share at the end of the Accounting Period (adjusted to include dividends and any other payments per Share declared in each Accounting Period following the Reference Period and adjusted to exclude the effects of Share issues in that period) over a minimum level defined as *High Watermark*.

"High Watermark" means, with respect to an unlimited period of time, the greater of: (i) the Issue Price, and (ii) the closing NAV per Share recorded in the last Period during which the Remuneration of the Financial Instruments was paid (excluding the effects of any other issues of Shares during the relevant Period).

Such remuneration per Share must be multiplied by the number of Shares outstanding at the end of the Accounting Period, excluding Shares issued during the same Accounting Period, in order to determine the total

amount of the Remuneration of the Financial Instruments (including the "*Coupon*") to be paid in respect of the same Accounting Period.

The Issuer's Board of Directors will also have the right to proceed with the identification of any additional *managers* to whom the Financial Instruments may be assigned and to reserve one or more *tranche* of the capital increase described above. Such assignment will be assessed in accordance with and in compliance with the Related Parties Procedure and the Related Parties Regulation, where applicable.

## DEFINITIONS

- **Accounting Period:** period starting from the date of Admission to 31 December of the year of Admission, and thereafter, each 12-month period, each of which begins at the end of the previous Accounting Period and ends each year at midnight on 31 December.
- **Admission:** admission to the exchange of ordinary shares of the Company on the MTA segment of Borsa Italiana.
- **Initial Gross NAV:** amount equal to the number of Shares existing at the time of Admission multiplied by the Issue Price.
- **End-of-Period NAV:** amount equal to the difference between the total assets recorded in the Company's financial statements and the total liabilities recorded in the Company's financial statements at the balance sheet date;
- **Relevant High Watermark:** with respect to an unlimited period of time, the greater of the two: (i) the Issue Price, and (ii) the closing NAV per Share recorded in the last Accounting Period during which the Remuneration of the Financial Instruments was paid (excluding the effects of any other issue of Shares during the relevant Period).
- **Issue Price:** the issue price per Share of the Company on Admission.
- **Reference Period:** the most recent Accounting Period during which the Remuneration of the Financial Instruments was paid.
- **Shareholder Return:** in respect of each Accounting Period, the sum of the change in NAV per Share during the Accounting Period (excluding the effects of any other issue of Shares during the Accounting Period) and the total dividends per Share and any other consideration paid during the Accounting Period (taking into account the timing of payment of such dividends and consideration).
- **Shareholder Return Outperformance:** the amount, in Euro, for which the Shareholder Return is higher than a level that would have produced a given Shareholder Return (in the case of COIMA RES 8% or 10%, depending on the scenario considered).

At the end of each financial year, following approval of the annual financial statements for the year in question, the Company will calculate the annual Coupon payable, on a pro-rata basis, to each *Manager*.

The Remuneration of the Financial Instruments has been paid at the end of the first reference period of 3 years and after that first period on an annual basis, if accrued. Payment will be made by issuing shares of the Company or, if all the shares reserved for the payment of the Remuneration of the Financial Instruments have been allotted and/or the Company does not have more than one basket of shares (e.g. treasury shares) that can be used for this purpose, the Company will submit to a shareholders' meeting the adoption of the resolutions necessary to make the payment of the Remuneration of the Financial Instruments in shares and, if these are not sufficient to fulfil all payment obligations, the payment will be made in cash. In any case, the Company is required to pay the Remuneration of the Financial Instruments when the conditions set out in the calculation formula above are met.

Below is a theoretical example of the annual calculation and assignment of the Remuneration of the Financial Instruments to the directors assigned to the Financial Instruments on the basis of the above-mentioned parameters:

Shareholder Returns Example and Promote Calculation		Year 1	Year 2	Year 3	Year 4	Year 5
	Initial Gross NAV	100.0	104.5	98.8	107.2	110.4

	End of Period NAV	104.5	98.8	107.2	110.4	114.9
	NAV growth	4.5	(5.7)	8.4	3.2	4.5
	Dividends Paid in the year	4.0	3.8	4.0	4.3	4.4
	<b>Total Shareholder Return</b>	<b>8.5</b>	<b>(1.9)</b>	<b>12.4</b>	<b>7.5</b>	<b>89</b>
	Shareholder Return(%)	8.5%	(1.8%)	12.6%	7.0%	8.1%
	Hurdle Return on EPRA NAV (8%)	8.0	8.4	7.9	8.6	8.8
	Hurdle Return on EPRA NAV (10%)	10.0	10.5	9.9	10.7	11.0
	<b>Excess returns (between 8% and 10%)</b>	<b>0.5</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>0.1</b>
	<b>Excess returns (above 10%)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>-</b>
	High Watermark	100.0	104.5	104.5	107.2	107.2
	NAV End of the Period + Dividends Paid since last promote	1085	102.6	115.0	114.7	123.6
	<b>Outperformance vs High Watermark</b>	<b>8.5</b>	<b>-</b>	<b>10.5</b>	<b>7.5</b>	<b>16.4</b>
	<b>Financial Instruments Remuneration, the less of:</b>					
	- 10% of Shareholder Excess Return vs 8%–10% + 20% of Shareholder Excess Return above 10%	0.05	-	0.70	-	0.01
	- 20% of Outperformance vs High Watermark	1.70	-	2.10	1.50	3.28
	<b>Remuneration of Financial Instruments</b>	<b>0.05</b>	<b>-</b>	<b>0.70</b>	<b>-</b>	<b>0.01</b>
	<i>Catella</i>	<b>0.02</b>	<b>-</b>	<b>0.28</b>	<b>-</b>	<b>0.004</b>
	<i>Ravà</i>	<b>0.005</b>	<b>-</b>	<b>0.07</b>	<b>-</b>	<b>0.001</b>
	<i>Bonfiglioli</i>	<b>0.005</b>	<b>-</b>	<b>0.07</b>	<b>-</b>	<b>0.001</b>

As previously indicated, on September 14<sup>th</sup>, 2015, the COIMA RES Shareholders' Meeting resolved to increase the share capital for cash, excluding pre-emption rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, by a total maximum amount of Euro 20,000,000 through the issue of new ordinary shares with regular dividend rights reserved for the payment of the yield recognised by the Financial Instruments if the Company decides to pay this yield in shares. If the amount exceeds this value, the Issuer should alternatively: (i) approve a new capital increase to service such payment due; (ii) pay such payment in cash. Such increase will be assessed in accordance with and in compliance with the Related Parties Procedure and the Related Parties Regulation.

In the case of payment in shares of the *Coupon*, the number of such shares shall be determined by dividing the value of the Coupon by the average market value of the Issuer's ordinary shares in the period 15 February - 14 March of the current financial year.

With reference to the Financial Instruments, it should be noted that the lock-up obligation provided for a period of 3 years following the subscription date (without prejudice to the transferability to other Managers mentioned above). At the end of the lock-up period, the Financial Instruments will be freely transferable, except for a right of first refusal by the SGR.

In the event of the Manager's *Good Leaver*, the SGR will have a call option on the Financial Instruments to purchase them at the value of the Remuneration of the Financial Instruments accrued (as ascertained by an independent third-party valuer). In this way, on the one hand, the Manager will be paid the Remuneration of the Financial Instruments accrued at the date of termination of the employment relationship; on the other hand, pending termination of the employment relationship, the SGR may repurchase the Financial Instruments and keep them on its own or assign them to another Manager. This transaction shall be assessed in accordance with and in compliance with the Related Parties Procedure and the Related Parties Regulation.

In case of *Bad Leaver*, the SGR will have a call option on the Financial Instruments to purchase the same at nominal value and, consequently, the Manager will not be entitled to receive the Remuneration of the Financial Instruments.

Furthermore,:

- (i) if the Company should withdraw from the Asset Management Agreement entered into with the SGR due to intent or gross negligence on the part of the SGR (ascertained by a final judgement), SIIQ will have a call option on the Financial Instruments for the purchase of the same at par value equal to Euro 0.10 (zero point one);
- (ii) if the Company should withdraw from the Asset Management Agreement entered into with the SGR for reasons other than those under (i), at the SGR's request, the Manager will be obliged to exercise a put option on the Financial Instruments against SIIQ at the value of the Remuneration of the Financial Instruments accrued (as ascertained by an independent third-party valuer);
- (iii) in the event of termination of the Asset Management Agreement by the SGR for any of the reasons indicated in the Asset Management Agreement, at the request of the SGR, the Manager shall be obliged to exercise a put option on the Financial Instruments against SIIQ at the value of the Remuneration of the Financial Instruments accrued (as ascertained by an independent third-party valuer).

As of the Date of the Report, the Company has not implemented share-based incentive plans.

For further information on the share capital structure, see **Table 1** in the Appendix.

*b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b), TUF)*

The Articles of Association do not contain any restrictions on the transfer of shares, such as restrictions on the holding of securities, or the need to obtain approval from COIMA RES or other holders of securities.

*c) Significant shareholdings in capital (pursuant to Article 123-bis, Section 1, Letter c), TUF)*

The Company falls within the definition of small and medium-sized enterprises (SMEs) set forth in Article 1, paragraph 1, letter w-quater.1) of the TUF.

Therefore, the minimum shareholding subject to disclosure pursuant to Article 120 of the Consolidated Law on Finance is 5% instead of 2% of the share capital.

Based on the results of the shareholders' register and the updates available at the Date of the Report, including the communications received by the Company pursuant to art. 120 of the TUF, as well as any other information available, the subjects who are, directly or indirectly, holders of equity investments exceeding 5% of the subscribed and paid-up share capital, are those described in **Table 1** attached to the Report.

*d) Securities granting special rights (pursuant to Article 123-bis, paragraph 1, letter d), TUF)*

At the Date of the Report, the Company has not issued any securities that confer special control rights, nor does the Bylaws provide special powers for some shareholders or holders of particular categories of shares, nor is there any provision at the statutory level of multiple or increased voting shares..

*e) Employee shareholding: mechanism for exercising voting rights (pursuant to Article 123-bis, Section 1, Letter e), TUF)*

As of the Date of the Report, there are no mechanisms for the exercise of voting rights connected with employee shareholding systems pursuant to Article 123-bis, paragraph 1, letter e) of the TUF.

*f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter e), TUF)*

The Articles of Association do not contain any particular provisions determining restrictions, limitations or time limits imposed on the exercise of voting rights, nor are the financial rights attached to securities separated from their ownership.

*g) Shareholders' agreements (ex-art. 123-bis, paragraph 1, letter g), TUF)*

Except as specified below, as of the Date of the Report no shareholder agreements or shareholders' agreements within the meaning of Article 122 TUF are known.

As of December 1<sup>st</sup>, 2015, a shareholders' agreement (the "Shareholders' Agreement") was signed concerning the governance and ownership structure of COIMA RES between Manfredi Catella; COIMA S.r.l.; COIMA SGR S.p.A. and Qatar Holding LLC.

The Shareholders' Agreement was filed on May 17<sup>th</sup>, 2016 at the Milan Company Register Office with registration number RI / PRA / 2016/160469.

For the main provisions of the Shareholders' Agreement, please refer to the extract from the Shareholders' Agreement attached to the Report in **Annex 1**.

*h) Change of control clauses (ex-art. 123-bis, paragraph 1, letter h), TUF) and provisions of the Bylaws on takeover bids (ex-art. 104, paragraph 1-ter, and 104-bis, paragraph 1)*

Except as specified below, the Issuer or its subsidiaries have not entered into significant agreements that become effective, are modified or terminate in the event of a change of control of the contracting company.

On 16 January 2017, COIMA RES S.p.A. SIINQ I, a wholly owned subsidiary of COIMA RES, signed a loan agreement with ING Bank NV - Milan branch, in its capacity as lending bank, which contains a change of control clause pursuant to which the lending bank is required to agree if COIMA RES ceases to hold the minimum percentage required by law to obtain the SIINQ regime, currently equal to 95% of the related share capital.

It should be noted that, pursuant to art. 25 of the Articles of Association, the Board of Directors and its delegated bodies, if any, are also entitled to carry out, without the need for authorization of the Shareholders' Meeting, all acts and transactions that may hinder the achievement of the objectives of a takeover or exchange offer, from the communication with which the decision or the arising of the obligation to promote the offer has been made public until the closing or lapse of the offer itself.

The Board of Directors and its delegated bodies, if any, also have the power to implement decisions, which have not yet been implemented in whole or in part and which do not fall within the normal course of the Company's activities, taken prior to the above communication and whose implementation may hinder the achievement of the objectives of the takeover bid or exchange.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), TUF)

The Shareholders' Meeting of 14 September 2015, by deed signed by Luca Barassi, Notary Public in Milan, rep. no. 16044, file no. 7974, resolved, among other things, as follows:

- to increase the share capital for cash, excluding option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total maximum amount of Euro 5,000,000 through the issue of maximum 500,000 new ordinary shares with regular entitlement to be reserved for any third party investors (*co-founders*) and to be executed in divisible way in one or more tranches within the deadline of 31 December 2016 at the price of Euro 10.00 per share (of which Euro 9.60 for surcharge).

- to increase the share capital for cash, excluding option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total maximum amount of Euro 20,000,000 through the issue of new ordinary shares with regular dividend rights reserved for the payment of the yield recognised by the Financial Instruments (linked to the formula for calculating the Remuneration of the Financial Instruments) issued by the Board of Directors pursuant to the resolution of 6 August 2015. The increase may be carried out in a divisible manner in one or more tranches over a period of fifteen years from the effective date of the resolution to increase the share capital at a subscription price for each newly issued share equal to the arithmetic average of the prices of one share of the Company recorded on the listing market in the period between 15 February and 14 March of the reference year in which the holders of the Financial Instruments are paid the special return linked to the performance of the Company to which the Financial Instruments entitle them;

- to confer on the Board of Directors the power to be exercised within five years from the date of the resolution, to increase the share capital for cash and on a divisible basis, in one or more tranches, for a maximum total amount equal to 1,5 per cent of the portion of the subscribed share capital and the share premium reserve resulting from the Institutional Placement through the issue of ordinary shares having the same characteristics as those in circulation to be placed at the service of one or more incentive plans reserved for employees, collaborators, consultants, directors of the Company and its subsidiaries and/or other persons discretionally chosen by the Board of Directors of the Company and therefore with the exclusion of option rights pursuant to art. 2441 paragraphs 5 and 8 of the Italian Civil Code.

At the Date of the Report, the Issuer does not hold own shares, but there is an authorization to purchase own shares.

In particular, the Shareholders' Meeting of the Company on September 14<sup>th</sup> 2015 resolved to authorize the Board of Directors, with the right to sub-delegate, to purchase and dispose, also through subsidiaries, up to a maximum of ordinary shares of the Company, without indication of the nominal value, equal to 20% of the pro-tempore share capital within the limits and for the purposes permitted by law and market practices, taking into account, after the listing on a regulated market, the specific exemption provided for by paragraph 3 of art. 132 of the T.U.F. - on one or more occasions for a maximum period of 18 months from the date of the resolution (and, therefore, until March 14<sup>th</sup> 2017). The purchase of treasury shares will be carried out within the limits of distributable profits and available reserves resulting from the latest financial statements duly approved by the company that were to proceed with the purchase.

After the listing, the purchase operations must be carried out in the following ways:

i) the purchases must be made on the market according to operating methods that do not allow the direct combination of the negotiation orders with predetermined negotiation orders for sale and must be made at a price that is not higher than the highest price of the last transaction price independent offer and the price of the highest current independent offer in the trading venues where the purchase is made, it being understood that the purchase transactions must be carried out at a price that does not deviate in decrease and increase by more than 20% at the reference price recorded by the share in the trading session preceding each individual transaction;

ii) the deeds of disposal of the treasury shares purchased will be carried out, in one or more times in the ways deemed most appropriate in the interest of the Company and in compliance with the applicable legislation, in the manner specified below:

- at a price established from time to time by the Board of Directors in relation to criteria of expediency, it being understood that this price must optimize the economic effects on the Company, if the security itself is intended to serve the issue of convertible or exchangeable debt instruments with equity instruments or incentive plans upon the exercise by the relative beneficiaries of the options for the purchase of shares granted to them, or where the security is offered for sale, exchange, contribution or other disposition, for acquisitions of equity investments and / or properties and / or shares in real estate funds and / or the conclusion of agreements (including commercial ones) with strategic partners, and / or for the implementation of industrial projects or extraordinary finance operations, which fall within the expansion objectives of society; and, after the listing;

- at a price that does not deviate in decrease and increase by more than 20% with respect to the reference price recorded by the stock in the trading session preceding each single transaction for subsequent purchase and sale transactions;

iii) following the listing, the maximum number of treasury shares that can be purchased daily will not exceed 25% of the average daily volume of the Company's shares traded on the market. Pursuant to art. 5 of EC Regulation 2273/2003, this limit may be exceeded, in the event of extremely low liquidity in the market, under the conditions provided for in the aforementioned provision, in any case the maximum number of treasury shares that can be purchased daily will not exceed 50% of the average volume daily;

iv) the operations for the disposal of treasury shares may be carried out, without time limits, on one or more occasions, even before having exhausted the quantity of treasury shares that can be purchased. The disposal may take place in the ways deemed most appropriate in the interest of the Company, and in any case, after the listing, in compliance with the applicable legislation and accepted market practices recognized by Consob.

*j) Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)*

The Company is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code. In fact, although as of the Date of the Report Qatar Holding LLC holds a 40,131 stake in the share capital, this company does not exercise management or coordination activities of an operational, administrative or financial nature over the Issuer pursuant to the provisions of Article 2497 of the Italian Civil Code.

Furthermore, Qatar Holding LLC does not appoint the majority of the directors of the Company, does not issue group directives, does not intervene in the organization and management of the Company, which carries out independently, through its bodies and organization chart, the ordinary and extraordinary administration activities. Finally, no person can autonomously decide the adoption of the *budget* and *business plan*.

It should be noted that:

- the information required by article 123-bis, first paragraph, letter i) ("*agreements between the company and the directors ... which provide for indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a takeover bid*") are contained in the report on remuneration policy and remuneration paid published pursuant to article 123-ter of the TUF;

- the information required by article 123-bis, paragraph 1, letter l) ("*the rules applicable to the appointment and replacement of directors ... as well as to the amendment of the by-laws, if different from the laws and regulations applicable on a supplementary basis*") are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.1).

**3. COMPLIANCE (ex-art. 123-bis, comma 2, letter a), TUF)**

The Company adheres to the provisions of the Code, accessible to the public on the Borsa Italiana website, *corporate governance* committee section, at the following address: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>.

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The Company is not subject to non-Italian law provisions that affect its *corporate governance* structure.



## **4. BOARD OF DIRECTORS**

### **4.1 APPOINTMENT AND REPLACEMENT (ex-art. 123-bis, paragraph 1, letter l), TUF)**

Pursuant to art. 18 of the By-laws, the Company is "*...administered by a Board of Directors composed of a minimum number of three (3) to a maximum number of eleven (11) members, including the Chairman and one or more Deputy Chairmen.*

*The determination of the number of directors and their appointment will be made by the Shareholders' Meeting.*

*The Directors remain in office for three financial years, unless a shorter period established by the Shareholders' Meeting at the time of their appointment, and their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office and they may always be re-elected.*

*The Directors are appointed by the Shareholders' Meeting, in compliance with the pro tempore regulations in force regarding gender balance on the basis of the lists of candidates submitted by the shareholders and deposited at the Company's registered office within the terms and in compliance with the law, including regulations, in force from time to time.*

*In the presence of more than one list, one of the members of the Board of Directors is expressed by the second list that has obtained the highest number of votes and that is not connected to the first list. Lists may only be presented by shareholders who, alone or together with others, hold shares with voting rights representing a percentage not less than the percentage required for the company by current regulations. This shareholding must result from specific certifications that must be produced, if not available on the day on which the lists are deposited, even after the lists have been deposited, provided that this is done within the deadline set by current regulations for the publication of the lists by the Company. All this shall be mentioned in the notice of call.*

*Each shareholder, as well as shareholders linked by control or liaison relationships pursuant to the Italian Civil Code, may not submit or vote for more than one list, not even through a third party or trust company.*

*Each candidate may appear on only one list under penalty of ineligibility.*

*Candidates included in the lists must be indicated in a number no greater than those to be appointed, must be listed in numerical order and must meet the requirements of integrity required by law. At least two (2) candidates - indicated in a position not later than the second and seventh place on each list - must also meet the independence requirements provided for by law. Lists that present a number of candidates equal to or greater than three (3) must be composed of candidates belonging to both genders, so that they belong to the least represented gender at least two fifths (rounded up).*

*Together with each list, exhaustive information on the personal and professional characteristics of the candidates and declarations in which the individual candidates accept their candidacy and attest, under their own responsibility, that they meet the requirements prescribed by law and regulations for the members of the Board of Directors are also filed.*

*Once the Shareholders' Meeting has determined the number of directors to be elected, the procedure is as follows:*

- 1. all the directors to be elected except one are elected from the list that has obtained the highest number of votes, based on the progressive order in which the candidates are listed in the list;*
- 2. one director shall be elected, in accordance with the provisions of law, from the second list obtaining the highest number of votes - which are not connected in any way, even indirectly, pursuant to the laws and regulations in force at the time, with those who submitted or voted for the list referred to in point 1 above - on the basis of the progressive order in which the candidates are listed on the list.*

*If two lists have obtained the second highest number of votes, the Shareholders' Meeting shall vote again and the candidate who obtains a simple majority of votes shall be elected.*

*If, as a result of the application of the list voting mechanism indicated above (i) the minimum number of candidates meeting the independence requirements is not elected and/or (ii) the composition of the Board does not comply with the rules on gender balance, the candidates meeting the requirements shall be elected to*

*replace the candidates who do not meet these requirements included in the list that obtained the highest number of votes with the lowest sequential number. If only one list is submitted, the directors will be taken from the list submitted provided that it has obtained the approval of a simple majority of votes.*

*If no list is presented (or the list presented does not allow for the appointment of directors in compliance with current legislation), the Shareholders' Meeting shall resolve with the majorities required by law, without complying with the above procedure and in any case in such a way as to ensure the presence of the minimum number of independent directors required by current legislation and compliance with current legislation on gender balance. No account shall be taken of lists that have obtained a percentage of votes at the Shareholders' Meeting that is less than half of those required by these Articles of Association for the presentation of lists.*

*If one or more directors leave office during the financial year, the procedure is followed pursuant to art. 2386 of the Italian Civil Code. If one or more of the ceased directors were taken from a list also containing the names of candidates who were not elected, the replacement is made by appointing, in progressive order, persons taken from the list to which the ceased director belonged and who are still eligible and willing to accept the office.*

*The replacement procedures must in any case guarantee the presence of a necessary number of directors meeting the requirements of independence and compliance with the pro tempore regulations in force concerning gender balance.”.*

By Determination no. 19856 as of January 25<sup>th</sup>, 2017, Consob established, pursuant to art. 144-*quater* of the Issuers' Regulations, the percentage for the presentation of lists at 4.5% of the Company's share capital.

Regardless of the statutory provisions (entered into force on the Trading Start Date), The members of the Board of Directors in office as of the Date of the Report were appointed before listing and, therefore, without a list voting system, for three years, until the date of approval of the financial statements as of December 31<sup>st</sup>, 2017.

Pursuant to Article 19 of the Articles of Association, except as provided for the previous article, the appointment, revocation, termination, replacement and lapse of directors are governed by law.

In addition, if a majority of the Directors appointed by the Shareholders' Meeting should resign or for any other reason, the entire Board of Directors will be deemed to have resigned and the Shareholders' Meeting for the appointment of the new Board must be convened urgently by the Directors still in office.

Pursuant to art. 20 of the Articles of Association, the Board of Directors elects a Chairman and, if necessary, one or more Deputy Chairmen from among its members, unless the Shareholders' Meeting has provided for this.

The Board of Directors, if it deems it appropriate, appoints one or more Managing Directors.

The Chairman remains in office for the entire duration of the Board and may be re-elected..

The Board of Directors may establish an executive committee and/or other committees with specific functions and tasks, establishing their composition and operating procedures.

The Board of Directors may also appoint one or more General Managers and may appoint a Secretary, also outside its members.

The remuneration due to the Board of Directors and the Executive Committee, if any, shall be determined by the Shareholders' Meeting and shall remain valid until otherwise resolved. The remuneration of directors holding particular offices is established by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

However, the Shareholders' Meeting may determine a total amount for the remuneration of all directors, including those holding special offices.

Pursuant to art. 21 of the Articles of Association, the Board of Directors meets, even in a place other than the registered office, as a rule at least quarterly and whenever the Chairman deems it appropriate or when at least two directors or one director to whom powers have been delegated make a written and motivated request.

The Board of Directors can also be convened, upon notice to the Chairman, by at least one auditor.

Pursuant to art. 22 of the Articles of Association, the convocation of the Board of Directors is made by the President with written communication accompanied by all the elements useful for deliberating and sent at least five days - or, in case of urgency, at least 1 (one day) - before the date set for the meeting by registered letter with return receipt, telegram, fax, telex, e-mail or equivalent, provided that proof of receipt is given. The Board of Directors is in any case validly constituted, even in the absence of convening formalities, if all its members and the effective members of the Board of Statutory Auditors are present.

Pursuant to art. 23 of the Articles of Association, the meetings of the Board of Directors will be chaired by the Chairman and, in the event of his impediment or absence, by the Deputy Chairman. If there are more Deputy Chairmen, the oldest Deputy Chairman takes precedence. Failing this, the chairmanship is assumed by another director designated by the Board of Directors.

During the meetings, the directors to whom powers have been delegated must report at least quarterly to the Board of Directors and the Board of Statutory Auditors on the general management trend and its foreseeable evolution as well as on the most significant transactions, due to their size or characteristics, carried out by the Company or its subsidiaries and each director must report any interest that, on his own behalf or on behalf of third parties, he has in a specific operation of the Company.

The Board of Directors assesses, on the basis of the information received, the adequacy of the organizational, administrative and accounting structure of the company, examines the strategic, industrial and financial plans and assesses, on the basis of the report of the delegated bodies, the general management trend.

Pursuant to art. 24 of the Articles of Association, the effective presence of the majority of its members in office is required for the validity of the resolutions of the Board of Directors.

Resolutions are taken with the favourable vote of the absolute majority of those present and in the event of a tie, the vote of the Chairman prevails.

Pursuant to Article 26 of the Bylaws, the Chairman, or whoever takes his place, is the legal representative of the Company with the power to bring legal and administrative actions and petitions at any level of jurisdiction and also for cassation and revocation proceedings and to appoint arbitrators and grant powers of attorney to lawyers and attorneys in disputes. The Chairman has free signing authority for the related deeds.

Legal representation is also entrusted separately to the Deputy Chairman, if appointed, and, within the limits of the powers conferred on them, to the Managing Directors and General Managers, if appointed.

### **Succession plans**

The Board of Directors has assessed at the Date of the Report, - not to adopt for the moment a plan for the succession of executive directors, postponing the possible adoption of the same to a next year. In this regard, depending on the structure of the shareholding structure, the Company has the possibility to promptly activate the Board of Directors in order to take the appropriate resolutions.

## **4.2 COMPOSITION (ex-art. 123-bis, paragraph 2, letters d) and d-bis), TUF)**

Pursuant to Article 18 of the Articles of Association, the Company is managed by a Board of Directors consisting of a minimum of three to a maximum of eleven members, including the Chairman and one or more Deputy Chairmen.

As of October 14<sup>th</sup>, 2015, the Issuer's shareholders' meeting increased the number of members of the Board of Directors from 3 to 9 and appointed, with effect from the Trading Start Date and until the approval of the financial statements as of December 31<sup>st</sup>, 2017, another six directors in order to make the Board of Directors compliant with the laws and regulations in force regarding listed companies in terms of both the number of independent directors and the balance between genders, pursuant to articles 147-ter, 148 of the TUF and the Code, made up of nine members. This resolution was also adopted in compliance with the provisions of the Shareholders' Agreement.

As of the Date of the Report, 9 directors are therefore in office until the date of approval of the financial statements as of December 31<sup>st</sup>, 2017, of which 5 are independent pursuant to both the Code and the TUF..

The composition and structure of the current Board of Directors of COIMA RES, as well as that of the Board's internal committees, are shown in **Table 2** attached to the Report.

There have been no changes in the composition of the Board since the end of the Financial Year.

The members of the Board of Directors are all domiciled for office at the Company's registered office in Milan, Via della Moscova no. 18.

Below is a brief *curriculum vitae* of each director, showing their personal and professional characteristics.

**Caio Massimo Capuano**, born on September 9<sup>th</sup>, 1954 in Palermo. He graduated in electrical engineering from the University La Sapienza of Rome. He began his career in Xerox and then in IBM. From 1986 to 1997, he was Senior Partner at McKinsey & Company, advising mainly in the areas of Financial Institution and Information & Communication Technology. Prior to that, he gained many years of experience at IBM (as an engineer specializing in Information & Communication Technology services and the design and marketing of application solutions for large financial, banking and insurance institutions) and at Rank Xerox. In 1998, he joined Borsa Italiana S.p.A. at the time of privatization, assuming the position of Chief Executive Officer until April 2010 (and Director until July 2010). From October 1<sup>st</sup>, 2007, he was also Deputy CEO of the London Stock Exchange Group. In the Borsa Italiana group he has held numerous positions (Cassa di Compensazione e Garanzia, Monte Titoli; MTS) and has been a member of various committees of national interest set up by the competent departments. In February 2011, he was appointed Chief Executive Officer of Centrobanca Banca di Credito Finanziario e Mobiliare S.p.A., the Corporate & Investment Bank of the UBI Group, where he held this position until June 2013 (the year the Bank was integrated into UBI Banca. He was also the promoter of two versions of the Corporate Governance Code for listed companies. At international level, he has worked in various bodies, including the World Federation of Exchanges (World Federation of Exchanges) and the Federation of European Stock Exchanges (FESE), and in both he holds the position of Chairman. In June 2013, he became Chairman of IW Bank S.p.A., multi-channel bank of the UBI Group specialized in *retail banking, wealth management and trading on-line*. He is a member of the global advisory and guarantee committee for privatizations used by the MEF. Today he is also a member of the Board of Directors of Humanitas S.p.A., an important private hospital and research company in Italy.

**Feras Abdulaziz Al-Naama**, born August 6<sup>th</sup>, 1991 in Doha, Qatar. He graduated in Economics B.S. from the University of Oregon (Eugene) in June 2013). Since January 2014 works as an analyst (*corporate analyst*) at Qatar Holding LLC.

**Manfredi Catella**, born on August 18<sup>th</sup>, 1968 in Livorno. He graduated in Economics and Business at the Università Commerciale Cattolica del Sacro Cuore in Milan and obtained a master's degree in Territorial Planning and Real Estate at the Politecnico di Torino. He is *chartered financial analyst* and he is registered publicist. He has published numerous articles and texts on *real estate* and territorial requalification. He has 25 years of experience in the *investment management* and real estate. He is Chairman of the real estate company COIMA S.r.l., founded in 1974 and controlled by the Catella family; he is shareholder and CEO of the SGR and founding partner of COIMA RES.

Over the last 15 years he has been responsible for the Italian activities in *partnership* with the American group Hines with assets *under management* for over Euro 5 billion, acquisitions for over Euro 3 billion, negotiation of loans for about Euro 3 billion. In particular, Manfredi Catella, together with the other members of the Company's *Management* team, over the last 36 months has raised equity for over Euro 1 billion on the market from domestic and international institutional investors, including sovereign wealth funds, pension funds, insurance, endowment and *private equity*.

Previously he gained experience in JP Morgan in Milan, Caisse Centrale des Banques Populaire in Paris, Heitman in Chicago and HSBC.

**Gabriele Bonfiglioli**, born on April 15<sup>th</sup>, 1978 in Rome. He graduated with honours in business administration from the University of Roma Tre and studied real estate finance at the University of Amsterdam, UVA. He has over 12 years of experience in the real estate sector. Today he is responsible for the *Investment Management* area of the SGR and has followed over real estate transactions for a value of over two billion euros, of which around 1 billion euros over the last 36 months and of which about half generated off-market and it has carried out fund raising activities for over Euro 1 billion in the last 3 years. As part of his professional activity, he has negotiated rental contracts for over 70,000 square meters and negotiated loans for over 1 billion euros. Until 2014 he was a member of the global committee of the Hines Group of Investment and Performance. Previously he worked in the asset management company of the Beni Stabili group where he collaborated in the launch of the first Italian mixed fund with contribution and collection for international investors.

**Matteo Ravà**, born on April 14<sup>th</sup>, 1974 in Milan. He obtained a degree in economic and social disciplines from the Luigi Bocconi Commercial University in Milan and a master's degree in Corporate Finance with honours from the Business Management School of Bocconi University. He has over 12 years of experience in the real estate sector and is currently responsible for the management of real estate assets and funds for a value of over Euro 5 billion. As part of his professional activity, he has negotiated rental contracts for over 100,000 square meters of space for tertiary use which represent the national offices of major Italian and international groups (i.e., Unicredit, HSBC, Google). It has negotiated loans for a value of over € 2 billion, the entire amount of which without any suffering. Previously he gained over 5 years of experience in the corporate finance sector at leading consulting firms, including Reconta Ernst & Young S.p.A. and Deloitte & Touche S.p.A., carrying out valuation and *advisory* activities in extraordinary mergers and acquisitions and in the context of IPOs.

**Alessandra Stabilini**, born on November 5<sup>th</sup>, 1970 in Milan. She graduated in Law at the University of Milan in 1995. In 2000 she obtained the title of Master of Laws (LL.M) at the Law School of the University of Chicago, Chicago, Ill., USA. In 2003 she obtained a PhD in Commercial Law from the University L. Bocconi of Milan. She has been a researcher in Commercial Law at the Faculty of Law of the University of Milan since 2004 and was confirmed in 2007. From 2011 to 2016 she was Adjunct Professor and owner of the International Corporate Governance course (taught in English). Since 2016 she has been Aggregate Professor and owner of the course in Corporate Interest, Corporate Social Responsibility and Financial Reporting (taught in English). She has been registered with the Milan Bar Association since 2001. She worked with NCTM Studio Legale Associato first as a collaborator (until 2011), then as a Counsel (from 2011 to 2015). She is currently an equity partner of NCTM Studio Legale Associato. Her areas of activity include, among others, corporate law, with particular reference to listed companies, and financial market law. She is Deputy Chairwoman of NED Community. She has held and still holds positions in crisis procedures of financial intermediaries, by appointment of the Bank of Italy.

**Agostino Ardisson**, born on November 2<sup>nd</sup>, 1946 in Alassio. He holds a degree in economics and commerce from the Università Cattolica del Sacro Cuore. In 1973 he won a scholarship from the Bank of Italy for administrative and technical qualification in the credit sector and joined the institute's roles in June 1973. Assigned as his first assignment to the Cuneo branch of the Bank of Italy with the degree of Secretary, in 1975 was transferred to the Como branch at the Exchange Supervision Secretariat Office. In 1983 he was promoted to Officer and assumed ownership of the aforementioned office, a position he held until 1990. During this period he mainly deals with paperwork and inspection supervision also as head of local inspection teams or as a component of Central Inspectorate groups. With the promotion to Executive, in the three-year period 1990/1993 he assumed responsibility for the Credit Supervision Department II at the Milan office of the Bank of Italy. From 1993 to 1996 he held the position of Deputy Director at the Pavia branch of the Bank of Italy. In the three-year period 1996/1999 he took over as deputy management of the Verona branch of the Bank of Italy. Starting from July 1999 he was appointed as owner of the Potenza branch of the Institute until 2002. From August 1<sup>st</sup>, 2002 he took over the management of the Cuneo branch of the Bank of Italy which he maintained until September 2004 when he was assigned to the vicarious management of the headquarters from Milan. In July 2007 he assumed responsibility for the Florence office and deals with economic research and credit and financial supervision with expertise throughout the region. He held the position of Chairman of the

Board of Directors of Fidi Toscana S.p.A. from July 2012 to June 2014. He currently holds the office of director of Banca Esperia S.p.A. and Chairman of the Control and Risk Committee of the same company.

**Laura Zanetti**, born in Bergamo on July 26<sup>th</sup>, 1970. She graduated in Business Administration from Bocconi University with honours and dignity of the press. Associate Professor of Corporate Finance at Bocconi University in Milan, where she teaches Company Valuation and *Corporate Valuation*. Director of the Degree Course in *Economics and Finance and Research Fellow of CAREFIN*, Center for Applied Research in Finance. She was director of the Master of Science in Finance at Bocconi University, Visiting scholar at MIT (*Massachusetts Institute of Technology*) and the London School of Economics and Political Science. Chartered Accountant and Statutory Auditor, author of numerous publications on corporate finance and business valuation.

**Michel Vauclair**, born in Rocourt (Swisse) on May 29<sup>th</sup>, 1947. He holds a degree in economics from the HEC University of Lausanne and also holds a postgraduate degree from Cornell University, Ithaca (NY) and from the IMEDE University of Lausanne. In 1982 he also obtained the diploma of “*Hôtelier-Restaurateur, Sté suisse des Hôteliers*”. He began his career in 1969 at Banque Paribas (Suisse) SA in Geneva. After 1980 he was: founder, president and general manager of Sodereal Hotel Management SA in Geneva; general manager at Swissair Nestlé Swissôtel AG in Zurich; director at BSI “Banca della Svizzera Italiana” in Lugano; he has held various management positions at the Société de Banques Suisses Group in New York and Geneva and at the UBS Group in Geneva and Zurich. Since 2008 he has been a member of the governing body of the Oxford Properties Group, the real estate investment unit of a Canadian pension fund called OMERS Worldwide in Toronto. Finally, he plays the role of chairman of the board of directors of the Grand Hotel du Lac, Vevey, Switzerland.

#### ***Maximum number of positions held in other companies***

On May 25<sup>th</sup>, 2016, the Board of Directors, in accordance with application criterion 1.C.3 of the Code, established that the positions of director or statutory auditor in other listed companies held by each director of the Company may not have a total weight greater than 6.

Subsequently, on June 8<sup>th</sup>, 2016, the Company's Board of Directors resolved to determine in no. 6 the maximum number of offices that each director of the Company can hold as director in other listed companies, identifying as follows the value of the offices in companies listed on regulated markets (and only for the same):

- for the offices of Chairman of the Board of Directors: 2;
- for the offices of Chief Executive Officer: 4; and,
- for directorships without delegated powers: 1.

It is therefore understood that, also because of the commitment required, with reference to the office of Chief Executive Officer, the same person may not hold the same office in another company listed on a regulated market.

As of the Date of the Report, the current composition of the Board complies with the aforementioned general criteria.

#### ***Induction Programme***

The Chairman of the Board of Directors has organized initiatives aimed at providing the Statutory Auditors with adequate information on the reference legislative and regulatory framework, also in anticipation of the entry into force of the MAR. During each meeting of the Board of Directors, the executive directors, the *risk manager*, where his intervention is envisaged, of the Company and the managers of the Company are invited by the Chairman of the Board of Directors to provide exhaustive information on the sector of activity in which the company operates. Issuer, company dynamics and their evolution, as well as the principles of correct risk management, also through the presentation of the reports provided by the Company's Investment Committee

and by the *Risk manager*. Furthermore, the Company is active in participating in *roadshows*, including international ones, during which the prospects of the Italian *real estate* market are illustrated, and the relative information material is made available to the members of the administrative body and the control body of the Company, as well as available to the public. Monthly telephone conferences are also organized by the Company regarding updates relating to the performance of the Italian *real estate* market, to which members of the Company's administrative body and supervisory body are always invited.

#### **4.3 ROLE OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), TUF)**

During the Financial Year, the Board met 16 times, for an average duration of each meeting of approximately 2:30 hours. In this regard, it is recalled that up to the date of the start of negotiations, the Board of Directors was composed exclusively by Manfredi Catella, Matteo Ravà and Gabriele Bonfiglioli and met 5 times. Attendance at the meetings of the Board of Directors prior to listing was as follows: Manfredi Catella 100%, Matteo Ravà 100% and Gabriele Bonfiglioli 100%. Since the start of negotiations, the Board of Directors has met 11 times. The percentage of attendance at these meetings by Board members, from the time of their respective effectiveness, was as follows: Caio Massimo Capuano 100%, Feras Abdulaziz Al-Naama 100%, Manfredi Catella 100%, Gabriele Bonfiglioli 100%, Matteo Ravà 100%, Alessandra Stabilini 91%, Agostino Ardissonne 100%, Laura Zanetti 100%, Michel Vauclair 82%.

The Board meetings have always been attended by the Board of Statutory Auditors, the CFO, also as secretary, the Director of the Investments and Asset Management Area and the persons in charge of the Company's legal function.

On May 13<sup>th</sup>, 2016, September 29<sup>th</sup>, 2016 and January 24<sup>th</sup>, 2017, the Company announced to the market the dates scheduled for the Board and Shareholders' Meetings relating to the approval of the financial data for the period for the years 2016 and 2017, by means of a specific communication to the market and publication in the "Investor Relations" section of its website ([www.coimares.com](http://www.coimares.com)), of the corporate calendar.

During 2017 and up to the Date of the Report, the Board of Directors met twice.

On July 13<sup>th</sup>, 2016, the Company adopted the information flow procedure (the "**Information Flow Procedure**") within which, *inter alia*, information flows to the Board of Directors and the Board of Statutory Auditors are governed. In particular, within the Information Flows Procedure it is established that "*.... the Chairman of the Board of Directors shall ensure:*

- *the documentation relating to the items on the agenda is brought to the attention of the directors and statutory auditors well in advance of the date of the Board meeting or, at least, an initial information on the items to be discussed;*
- *the documentation supporting the resolutions is adequate in quantitative and qualitative terms with respect to the items on the agenda.*

*The documentation relating to the items on the agenda shall be sent to the administrative and control body, at the instigation of the Managers of the various Organisational Units that may be responsible for providing information to the Board of Directors.*

*In particular, "well in advance" means in the 5 days prior to the meeting, or in cases of urgency at the same time as the notice of call.*

*The information provided in the above manner shall be supplemented (and replaced, if necessary, where confidentiality reasons so dictate) by the explanation provided orally by the Chairman, the Managing Director or management representatives - who shall be invited to take part in the meeting if necessary - during Board meetings, or specific informal meetings open to the participation of Directors and Statutory Auditors, organised to discuss in depth issues of interest in relation to the management of the company.*

*Further documentation may be provided during the meeting of the Board of Directors.*

*The transmission of the documents and any other material to the Board of Directors and the Board of Statutory Auditors takes place within the terms of the above-mentioned deadlines by e-mail or by any other means that guarantees proof of receipt.”*

The directors are aware of the tasks and responsibilities inherent in the office held; they are constantly informed by the competent company departments about the main legislative, regulatory, technical and industrial innovations concerning the Company and the business of reference and the exercise of their functions; they act and pass resolutions with full knowledge of the facts and autonomy, pursuing the objective of creating value for shareholders.

The chairman of the Board of Directors ensures that the necessary time is dedicated to the items on the agenda for an in-depth study of the individual issues brought to the attention of the directors.

In order to adequately investigate each issue brought to the attention of the Board, during Board meetings, the Company's executives responsible for the corporate functions in charge of the issues on the agenda are constantly invited to attend in order to provide the necessary in-depth analysis of the items on the agenda.

Specifically, the *Chief Financial Officer*, who also serves as the manager responsible for preparing the Company's financial reports, was invited to attend meetings to discuss financial issues and approve the accounting documents for the period. For the discussion of business and strategy matters, the head of the Investment Area, the head of the Asset Management Area, the investment manager and the risk manager of the Company were invited to attend the meetings, who, together with the members of the Investment Committee, reported to the Board on the work and activities of the Company's Investment Committee, with the help of detailed reports prepared by the Investment Committee.

In addition, where deemed useful in relation to the subject under discussion, consultants of the Company attended Board meetings.

Pursuant to Article 25 of the By-laws, the Board of Directors is invested, without any limitation, with the widest powers for the ordinary and extraordinary administration of the Company, with the power to carry out all acts, including acts of disposal, deemed appropriate to achieve the Company's objectives, none excluded, except for those reserved by law to the competence of the Shareholders' Meeting.

The Board of Directors also has the power, in addition to issuing non-convertible bonds, to pass resolutions on the matters provided for in Article 2365, paragraph 2, of the Italian Civil Code.

The Board of Directors, and its delegated bodies, if any, have also the power to carry out, without the need for authorisation by the Shareholders' Meeting, all acts and transactions that may hinder the achievement of the objectives of a takeover bid or exchange, from the communication with which the decision or the obligation to promote the bid was made public until the closing or lapse of the bid itself.

The Board of Directors, and its delegated bodies, if any, also have the power to implement decisions, not yet implemented in whole or in part and which do not fall within the normal course of the Company's activities, taken prior to the above communications and whose implementation may hinder the achievement of the objectives of the takeover bid or exchange.

The number of positions as director or statutory auditor held by directors in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance companies or companies of significant size is set out in full in **Appendix 2** to this Report.

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Pursuant to Article 23 of the Bylaws, the Board of Directors assesses, on the basis of the information received, the adequacy of the Company's organizational, administrative and accounting structure, examines the Company's strategic, industrial and financial plans and evaluates, on the basis of the report of the delegated bodies, the general operating performance.

The Board of Directors assessed the adequacy of the Issuer's organizational, administrative and accounting structure prepared by the Chief Executive Officer, with particular reference to the internal control and risk management system. As of the Date of the Report, for the effect of the acquisition of the property located in



Milan in via Deruta no. 19, the Board of Directors considers COIMA RES S.p.A. SIINQ I (hereinafter also "SIINQ I") as a subsidiary with strategic importance for the Issuer.

In this regard, it should be noted that SIINQ I has been considered a subsidiary of strategic importance as it owns a real estate investment of Euro 46 million which represents about the 6.9% of the consolidated assets of the Group.

As of the Date of the Report, the Board of Directors has assessed the adequacy of SIINQI's organisational, administrative and accounting structure, with particular reference to the internal control and risk management system and in consideration of the type of business and the size and purpose of the company. In particular, the adequacy assessment was carried out in the first analysis by the Board of Directors of the investee company, which deemed it adequate because SIINQ I has no employees, the administrative and accounting management has been entirely *outsourced* to a leading consulting firm active in administrative outsourcing, the same reporting scheme as COIMA RES has been adopted and the timing for providing clear and timely information to the parent company has been appropriately defined. Moreover, even though it is an investee company of strategic importance, it was deemed not to be complex enough to require further control. The Board of Directors of COIMA RES endorsed these assessments and, in addition, noted that the composition of SIINQ I's administrative and control body was adequate in view of the activities carried out and the size of the company.

On the basis of the information received from the delegated bodies, the Board periodically evaluated the operating performance, comparing the results achieved with those planned, making decisions on transactions of significant strategic, economic, equity or financial importance for the Company, as well as on transactions with related parties in accordance with the relevant procedures - in accordance with the Related Parties Regulation.

The Board is entitled to take decisions on transactions of the Issuer and its subsidiaries, when such transactions have a significant strategic, economic, equity or financial importance for the Issuer. In particular, it should be noted that the Board of Directors is exclusively responsible for any transaction that exceeds the value of Euro 20.000.000,00, considered as the amount of the Company's own resources, as well as any transaction with related parties, as indicated in the powers of the Managing Director..

The procedure for transactions with related parties (see Chapter 12 of the Report) is published on the Company's website ([www.coimares.com](http://www.coimares.com)) Investor Relations Section, item [http://www.coimares.com/\\_IT/investor-relations/IPO/documenti-page.php](http://www.coimares.com/_IT/investor-relations/IPO/documenti-page.php).

The members of the Board of Directors, as well as all direct related parties of the Company identified in the procedure, have provided the Company with information relating to the situation of related parties through them, updated as of the closing date of the Financial Year.

The Board has not established general criteria for identifying transactions that have a significant strategic, economic, equity or financial significance for the Issuer.

### *Board Performance Evaluation*

When admitting its shares to trading, the Company established the Board and the committees, assessing their size and composition, also taking into account elements such as the professional characteristics, experience, including managerial, and gender of its members, as well as their seniority in office. Subsequently, on February 8<sup>th</sup>, 2017, the Board of Directors examined the results of the *Board Performance Evaluation*.

In the activity of *Board Performance Evaluation*, also in consideration of the initial phase of the life of the Company, the same did not make use of the collaboration of an external specialized consultant.

However, in order to ensure impartiality and objectivity of the process, the Company has collected timely information, anonymously, from each member of the administrative body; using a questionnaire aimed, in particular, at highlighting any food for thought also for practical and functional interventions.

The self-assessment process on the size, composition and functionality of the Board of Directors and the Committees took place in January and February 2017.

From the *Board Performance Evaluation* relating to 2016, the first year of activity of the listed Company, in which the Board of Directors met 11 times, following the start of negotiations on May 13<sup>th</sup>, 2016, a substantially positive situation has emerged which confirms the effectiveness of the work carried out by the administrative body, although still subject to improvements. Moreover, it should be borne in mind that the significance of the responses of the directors, especially in some areas (for example, approval of the financial statements and interaction with shareholders) is affected by the term in office of less than one year of the Board and the fact that, for the same reason, the self-assessment took place at a time prior to the approval of the first financial statements.

It should be noted that the Shareholders' Meeting did not authorise any exceptions to the non-competition clause provided for by Article 2390 of the Italian Civil Code.

#### **4.4 DELEGATED BODIES**

##### **Chief Executive Officer**

On September 14<sup>th</sup>, 2015, as amended on October 14<sup>th</sup>, 2015 and subsequently on February 8<sup>th</sup>, 2017, the Board of Directors resolved, among other things, to attribute to the Chief Executive Officer *“the broadest powers to carry out all acts of ordinary administration of the Company, being expressly included the powers to manage and develop the Company's business, to identify and implement new investment initiatives, to assume management and advisory duties for funds and/or investment bodies, as well as for the representation of the Company before the competent bodies and third parties, except for the approval of the budget and the business plan reserved for the administrative body, for matters that are reserved by law to the Board of Directors (where not specifically delegated) and/or the Shareholders' Meeting, as well as except for matters relating to accident prevention, health and safety in the workplace, which are specifically delegated to the director responsible.*

*In particular, by way of example and without limitation, the Chief Executive Officer is vested with the following powers to be exercised with free and separate signature:*

- *to represent the Company before any Supervisory Authority (including, in particular, the Bank of Italy and Consob), with the power to sign and submit any declaration, communication and/or report required by supervisory regulations and/or requested directly by the Authorities themselves, with the power to delegate this power to representatives appointed for this purpose;*
- *represent the Company before any administrative authority in order to obtain licences, authorisations, approvals, permits, registrations or certificates (also in relation to trademarks and patents), as well as for any communication, information fulfilment or other activity necessary or even only appropriate for the purposes of pursuing the Company's object;*
- *represent the Company before any Authority having fiscal power, with express power to sign and submit tax returns, VAT returns, tax returns and any other declaration required by law or by the tax offices; request and agree tax and tax refunds, issuing receipts, and perform any other act relevant to the matter in the interest of the Company;*
- *represent the Company in all relations with social security, welfare and accident institutions, labour and employment offices, trade unions and trade associations;*
- *represent the Company before any public safety authority, the Fire Brigade, health authorities, making any statements, complaints and claims that may be appropriate;*
- *carry out any practice and operation at the ministerial offices, signing the necessary applications and declarations for this purpose;*
- *to carry out any file at the Ministry of Transport, the Civil Motorization and Transport, the Prefectural Offices, the Automobile Club of Italy, the offices of the Automobile Public Registry, making the declarations, complaints and claims that may be appropriate;*

- *represent the Company before any judicial, ordinary, administrative or tax authority, including higher jurisdictions, both as plaintiff or claimant and as defendant or respondent, as well as representing the Company in executive and/or insolvency proceedings of any kind and in agreements including out-of-court settlements with creditors; compromise in arbitration; issue statements by third party debtors and injured parties; respond to interrogations both in preliminary proceedings and in court as the Company's legal representative; appoint lawyers, attorneys, experts and legal counsel before anybody of justice, giving them all powers; to settle, waive and reconcile disputes of any kind; to request the raising of protests and the registration of judicial mortgages, seizures and foreclosures; to ascertain the true and real existence of the receivables claimed; to assert legal claims of privilege; to vote in composition agreements, in subsidiary administrations and in general in any meeting of creditors; to discuss the liquidation accounts, to collect partial and final allocations and to carry out all the acts inherent to the various procedures aimed at protecting the Company's receivables and rights; to hold special domicile elections;*
- *to ensure the exercise of the rights inherent to the shareholdings and financial instruments held by the Company, giving the necessary instructions where necessary;*
- *represent the Company as the "owner" for the processing of personal data in accordance with applicable legislation;*
- *conduct negotiations, undertake investigation and evaluation activities, sign confidentiality agreements, letters of intent, non-binding offers, and in general any act or contract relating to potential ordinary or extraordinary transactions;*
- *purchase, even in bloc, movable property and services of any kind necessary or even only appropriate for the performance of social activities, with the express right to sign contracts, agree on prices and payment methods, with the right to exceed the maximum amounts provided for in the budget and business plan by 10%;;*
- *purchase - within the territory of the Italian Republic - real estate, real estate rights, equity investments in real estate companies and other assets in the interest of the Company with a limit of Euro 20 million (meaning direct resources of the Company other than any financing) per transaction and a total of Euro 80 million (meaning direct resources of the Company other than any financing) within 12 months (provided that (i) the transaction has been previously approved by the Company's Investment Committee; (ii) where the transaction is carried out through recourse to debt, the amount of the transaction does not exceed 60% of the value of the asset; (iii) the value of the investment, net of any portion that may be the subject of financing, does not exceed 30% of the Company's net equity; and (iv) the transaction is not a related party transaction in accordance with Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010, and the procedure adopted by the Company - in which case the transaction shall be subject to the exclusive assessment and approval of the Board of Directors and/or the Shareholders' Meeting, as required by law -), with the express power to sign contracts, agree prices and payment methods;*
- *transfer, sell and exchange, also in bloc, assets and assets of the Company (provided that (i) the transaction has been previously approved by the Company's Investment Committee; (ii) the value of the asset does not exceed the limit of Euro 20 million (meaning direct resources of the Company other than any loans) per transaction and a total of Euro 80 million (meaning direct resources of the Company other than any loans) over a period of 12 months and (iii) the transaction is not a related party transaction pursuant to Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010, and the procedure adopted by the Company - in which the transaction must be subject to the exclusive evaluation and possible approval of the Board of Directors and/or the Shareholders' Meeting, as provided for by law -), with the express power to sign contracts, agree prices and payment methods, negotiate, stipulate, modify, terminate or withdraw from contracts of any type and nature, with both Italian and foreign policyholders, both public and private, including (by way of example and not limited to) leasing, rental and loan contracts relating to both movable and immovable property, rental contracts for movable property, insurance contracts and related brokerage mandates, contracts for the supply of public services (electricity, gas, telephone, water, etc..), with a limit of Euro 20 million (meaning direct resources of the Company other than any loans) per transaction and a total of Euro 80 million*

*(meaning direct resources of the Company other than any loans) over a 12-month period for contracts for the acquisition and sale of equity investments and joint venture contracts and excluding related party transactions pursuant to Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010 and the procedure adopted by the Company;*

- *negotiate, stipulate, modify, terminate or withdraw from contracts for the awarding or subcontracting of works or services as well as works contracts (including professional contracts) with the exclusion of transactions with related parties in accordance with Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010 and the procedure adopted by the Company with a limit of Euro 20 million (meaning direct resources of the Company other than any loans) per transaction and a total of Euro 80 million (meaning direct resources of the Company other than any loans) over a period of 12 months;*
- *to take care of and carry out the necessary building and urban planning requirements, plan forecasts, the permit and its executive procedures in relation to the works undertaken by the Company;*
- *sign town planning agreements, applications for changes in use, applications for building permits, certifications of usability, declarations of testing and conformity, purchase, sale and exchange of building rights;*
- *grant mandates and assignments of various kinds to various professionals and consultants in the interest of the Company with the exclusion of transactions with related parties pursuant to Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010 and the procedure adopted by the Company and, in any case, with the right to exceed the maximum amounts provided for in the budget and business plan by 10%;*
- *to participate, in the interest of the Company, in auctions, tenders, private bids launched by administrations, public and/or private entities of any kind, taking all necessary steps to this end, including making deposits and providing guarantees, paying amounts, issuing declarations, signing non-binding or even binding offers and entering into agreements, modification and revocation of contracts of any kind (unless the value of the related binding offers and contracts does not exceed the amount of Euro 20 million per transaction and a total of Euro 80 million over 12 months, the power being conferred without limits in the case of non-binding offers and participation in auctions, tenders, etc.), and, in any case, provided that (i) the transaction has been approved in advance by the Company's Investment Committee; (ii) where the transaction is carried out through the use of debt, the amount of the debt is not greater than 60% of the value of the asset; (iii) the value of the investment, net of any portion that may be the subject of financing, does not exceed 30% of the Company's shareholders' equity; and (iv) the transaction is not a related-party transaction pursuant to Consob Regulation No. 17221 of March 12<sup>th</sup>, 2010, and the procedure adopted by the Company - in which case the transaction must be subject to the exclusive assessment and approval of the Board of Directors and/or the Shareholders' Meeting, as required by law -;*
- *stipulate and terminate, in the interest of the Company, private or compulsory insurance contracts; agree, in the event of a claim, the indemnity due from the insurer, issuing a receipt for the amount received, all with the right to exceed the maximum amounts provided for in the budget and the business plan by 10%;;*
- *enter into and terminate any other contract that appears useful or necessary for the pursuit of the corporate purpose provided that it is not a transaction with a related party in accordance with Consob Regulation no. 17221, and the procedure adopted by the Company - in which case the transaction must be subject to the exclusive evaluation and possible approval of the administrative body and/or the shareholders' meeting, as required by law - and with a limit of Euro 20 million (meaning direct resources of the Company other than any loans) per transaction and a total of Euro 80 million (meaning direct resources of the Company other than any loans) over a period of 12 months;*
- *handling and supervising relations with appointed consultants, project managers, property and facility managers, brokers, works managers, suppliers of accounting/administrative/informatics and other services and in general with the Company's contractual counterparties;*

- *hiring and firing workers, white collars, middle managers and managers, determining their remuneration; entering into project collaboration contracts, temporary employment contracts, internship agreements and in general any atypical employment contracts; adopting all the necessary disciplinary measures against said personnel; preparing internal regulations; establishing tasks, qualifications, remuneration, incentives and bonuses (in compliance with the guidelines or subject to the prior opinion of the relevant Remuneration Committee and provided that this is not a related party transaction pursuant to Consob Regulation no. 17221 of 12 March 2010, and the procedure adopted by the Company - in which case the transaction shall be subject to the exclusive assessment and possible approval of the administrative body and/or the Shareholders' Meeting, as required by law -); sign letters of employment and requests for clearance to the Ministry of Labour and the Placement Office;*
- *invest and disinvest the Company's liquidity in financial instruments;*
- *open bank and postal accounts on behalf of the Company, both in national currency and in foreign currency; negotiate credit openings and carry out any transactions in or on behalf of the Company's accounts, such as, but not limited to, the following:*
  - *signing current accounts cheques, including for the use of high overdraft amounts, within the limits of the credit lines granted;*
  - *sign for traenza postagiri;*
  - *sign bank cheques, postal or telegraphic money orders and any other credit in favour of the Company;*
  - *make bank transfers in favour of third parties or between Company accounts and third parties;*
  - *request overdraft facilities and sureties with a limit of Euro 20 million per transaction and a total of Euro 80 million over 12 months;*
  - *execute banking and financial transactions without any limit, such as: bank acceptances, currency and Euro transactions, commercial paper and hot money;*
- *issuing, signing, receiving and receipting invoices, debit and credit notes, bank receipts;*
- *demand and collect any amount, sum, title or value in any case and from anyone who is owed to the Company in the form of a bank cheque, bill of exchange or title to the order, issuing receipts on account or balance and endorsing them in the Company's current accounts, issuing drafts on debtors for this purpose, discounting, cashing, receipting, protesting bills of exchange and securities to the order, as well as performing any other operation related to this;*
- *negotiate and enter into loan agreements, granting the related guarantees, in the interest of the Company (up to a maximum of Euro 20 million per transaction and a total of Euro 80 million over 12 months and subject to approval by the Company's investment committee);*
- *enter into derivative contracts with risk hedging functions;*
- *withdraw and mandate letters, including registered, insured, packages, securities, securities, commodities and deposits in general, including judicial ones, issuing receipts and discharges in due form;*
- *to take care of and carry out the necessary fulfilments with regard to plan provisions, titles qualifying for building activities and related executive procedures, including in particular - by way of example and without limitation - the following activities:*
  - *requesting the building permit (where necessary) and providing for the payment of the related contributions;*
  - *submit the application for the start of activity, the notice of start of activity, the certified notice of start of activity or other similar notices of authorisation to build accompanied by the execution of the related formalities;*

- *apply for the certificate of usability or submit the certificate of usability, as applicable;*
- *guarantee the conformity of the works carried out by the Company with the town planning and building regulations, with the provisions of the plan, with the permit or with the titles of qualification in general;*
- *appoint and revoke attorneys for the exercise of all or part of the powers conferred.”*

The prohibition of *interlocking* pursuant to art. 36 of the “Salva Italia” decree, pursuant to the regulations in force, is applied with regard to subjects whose activities are subject to authorization and supervision in accordance with Legislative Decree as of September 1<sup>st</sup>, 1993, n. 385 (Banking Consolidation Act), pursuant to the TUF and Legislative Decree no. 209 as of September 7<sup>th</sup>, 2005 (insurance code) or other special regulations referred to (in particular, applicable to banks, insurance companies, asset management companies, SICAVs, financial intermediaries as per Title V of the Consolidated Banking Act). In the opinion of the Issuer, the prohibition of interlocking does not apply to the members of the management and control bodies, as well as the top management of the Company who may simultaneously be holders of offices even in subjects operating in the aforementioned sectors.

### **Chairman of the Board of Directors**

Pursuant to Article 26 of the Articles of Association, the Chairman, or whoever takes his place, has the legal representation of the Company with the power to bring legal and administrative actions and petitions at any level of jurisdiction and also for cassation and revocation proceedings and to appoint arbitrators and grant powers of attorney to lawyers and attorneys in disputes. The Chairman has free signing authority for the related deeds.

Legal representation is also entrusted separately to the Deputy Chairman, if appointed, and, within the limits of the powers conferred on them, to the Managing Directors and General Managers, if appointed.

The Chairman is a non-executive director and therefore does not play a specific role in the development of corporate strategies.

The Chairman is neither *chief executive officer* nor controlling shareholder of the Issuer.

### **Executive Committee (only if constituted) (ex art. 123-bis, paragraph 2, letter d), TUF))**

In view of the size of the Company and the structure of the Board of Directors itself, the Company did not deem it necessary to establish an executive committee within the Board.

### **Information to the Board**

The delegated bodies report to the first useful meeting of the Board on the activities carried out, in particular on the development of the investment *pipeline*, with particular regard to the results of the considerations of the Investment Committee.

## **4.5 OTHER EXECUTIVE DIRECTORS**

On September 14<sup>th</sup>, 2015, the Board of Directors granted the following powers to the directors Gabriele Bonfiglioli and Matteo Ravà:

- represent the Company before any Supervisory Authority (including, in particular, the Bank of Italy and Consob), with the right to sign and submit any declaration, communication and / or report required by the supervisory regulations and / or directly request by the same Authorities, with the right to delegate this power to representatives appointed for this purpose;

- represent the Company before any administrative authority to obtain the issue of licenses, authorizations, approvals, permits, registrations or certificates (also in relation to trademarks and patents), as well as for any communication, information fulfilment or other activity necessary or even only appropriate to purposes of pursuing the purpose of the Company;
- carry out any practice at the Ministry of Transport, the Civil Motorization and Transport, the Prefectural Offices, the Automobile Club of Italy, the offices of the Public Automobile Register, making the declarations, complaints and complaints that are appropriate;
- conduct negotiations, undertake investigation and evaluation activities, sign confidentiality agreements, non-binding letters of intent;
- to confer various types of mandates and appointments to various professionals and consultants in the interest of the Company with the exclusion of transactions with related parties pursuant to Consob Regulation no. 17221, and of the procedure adopted by the Company, within the maximum limit of Euro 50,000;
- to confer mandates and assignments of various kinds to construction companies, contractors or suppliers of services to properties with the exclusion of transactions with related parties pursuant to Consob Regulation no. 17221 of March 12<sup>th</sup>, 2010, and of the procedure adopted by the Company, within the maximum limit of Euro 100,000;
- manage and supervise relations with the consultants in charge, with project managers, property and facility managers, brokers, construction managers, accounting / administrative / IT and other service providers and in general with the contractual counterparties of the Society;
- collect and give a mandate to collect letters, including registered, insured letters, packages, valuables, securities, goods and deposits in general, including judicial ones, issuing receipts and discharges in due form;
- appoint and revoke attorneys for the exercise of all or part of the powers conferred.

It should also be noted that on July 13<sup>th</sup>, 2016 the Board of Directors resolved to assign to Manfredi Catella the status of Employer giving him all the powers referred to in Legislative Decree no. 81/2008 in relation to the head office of the Company as well as in other units eventually acquired or subsequently established by the Company.

At the same date Manfredi Catella has subdelegated to Matteo Ravà the delegable powers of the Employer, giving him the title of Safety Delegate, through a delegation of functions pursuant to art. 16 of the Legislative Decree n. 81/2008.

#### **4.6 INDEPENDENT BOARD MEMBER**

The number, competence and authority of non-executive directors are such as to ensure that their judgement can have a significant weight in the decision-making process.

At the closing date of the Financial Year, among the non-executive Board Member, Feras Abdulaziz Al-Naama, Alessandra Stabilini, Agostino Ardissoni, Laura Zanetti and Michel Vauclair qualify as independent pursuant to both the Code and the TUF.

During the Financial Year, the Board of Directors again verified, in the first useful meetings after the Trading Start Date, the existence of the independence and integrity requirements for the non-executive directors, already communicated to the Market as part of the listing by applying the criteria provided for by the Code and the TUF and, most recently, on February 8<sup>th</sup>, 2017, communicating the results of the verification to the Market. The independent directors have provided specific certifications in this regard.

During the meeting held on February 8<sup>th</sup>, 2017, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

In consideration of the fact that the Independent Directors represent the majority of the members of the Board of Directors as well as are members of the committees, from the discussion held within the Board of Directors, it was deemed unnecessary to provide for separate meetings for the independent Directors.

#### **4.7 LEAD INDEPENDENT DIRECTOR**

In view of the composition of the Board of Directors, the Company decided that it was not necessary to appoint a lead independent director, whose appointment is suggested by the Code in the following cases: (i) if the Chairman of the Board of Directors is the *chief executive officer*; (ii) if the position of Chairman is held by the person who controls the Issuer.



## 5. HANDLING OF CORPORATE INFORMATION

The Board of Directors of the Company, on the proposal of the Chairman of the Board of Directors, at its meeting of 14 September 2015 adopted the procedure for the disclosure of insider information (the “**Disclosure of insider information**”, subsequently amended and supplemented on May 25<sup>th</sup>, 2016 and on July 26<sup>th</sup>, 2016, in order to regulate the process of management, treatment and external communication of privileged and confidential information concerning the Company and any companies controlled by it, directly or indirectly.

The Disclosure of insider information is aimed at ensuring compliance with the provisions of law and regulations, including those of European rank, in force regarding the so-called *market abuse* and ensure the utmost confidentiality and confidentiality of privileged and confidential information as well as compliance with the principles of transparency and truthfulness in communicating such information to the outside world.

Pursuant to Regulation (EU) No. 596/2014, as subsequently amended (“MAR”), pursuant to the Disclosure of insider information “Inside Information” means *information defined as such pursuant to current legislation and, in particular, information of a precise nature, which has not been made public, concerning - directly or indirectly - the Company or one or more financial instruments issued by the Company which, if made public, could have a significant effect on the prices of such financial instruments or on the prices of related derivative financial instruments.*

*For the purposes of the foregoing, it is considered that information has a precise character if it:*

- a) *refers to a series of circumstances that exist or that can reasonably be expected to occur or to an event that has occurred or that can reasonably be expected to occur;*
- b) *is specific enough to allow conclusions to be drawn on the possible effect of the set of circumstances or the event referred to in point a) on the prices of financial instruments, the related financial derivative instrument or spot contracts on related commodities.*

*In the case of a protracted process which is intended to materialize, or which determines, a particular circumstance or a particular event, that future circumstance or future event, as well as the intermediate stages of said process that are connected to the concretization or determination of the circumstance or future event, can be considered as information of a precise character.*

*An intermediate step in a prolonged process is considered Inside Information if it meets the above criteria regarding Inside Information.*

*By way of example and not limited to, information relating to an event or a series of circumstances that constitute an intermediate stage in a protracted process may relate to the state of contractual negotiations, the provisionally agreed contractual conditions, the possibility of placing financial instruments, conditions under which such instruments are sold, the provisional conditions for placing financial instruments, or the possibility that a financial instrument is included in a main index or the cancellation of a financial instrument from such an index (considering no. 17 of MAR). In this perspective, the conclusion and signing of preliminary agreements which (i) oblige the conclusion in good faith of definitive contracts or which (ii) provide for penalties in the event of failure to conclude definitive contracts, could be configured as Inside Information, as related information to an event constituting an intermediate stage in a prolonged process.*

*On the contrary, always by way of example and not exhaustive, usually the conclusion and signing of agreements such as confidentiality agreements, memorandum of understanding, non-binding offers, rights to negotiate exclusively, despite being information relating to an event constituting intermediate stage in a prolonged process, they do not qualify as Inside Information.*

*For “information” which, if disclosed to the public, would likely have a significant effect on the prices of financial instruments, derivative financial instruments, spot contracts on related commodities (price sensitive information), it is considered an information that a reasonable investor would probably use as one of the elements on which to base your investment decisions.*

*In relation to the Subsidiaries, all information that can be considered privileged for the Company in light of the significance of the activities of the Subsidiaries.”*

The Disclosure of insider information is available on the Issuer's website at: [www.coimares.com/IT/investor-relations/IPO/documenti-page.php](http://www.coimares.com/IT/investor-relations/IPO/documenti-page.php).

On September 14<sup>th</sup>, 2015, the Board of Directors adopted the Internal Dealing Procedure, as subsequently amended on July 27<sup>th</sup>, 2016 (the "**Insider Register Procedure**"), which governs the establishment, maintenance and updating of the list of persons who have access to insider information. The Company has also established the list of persons with access to privileged information (the "**Insider Register**") in compliance with current legislation, including Community legislation.

The *Insider Register Procedure* is available on the Issuer's website at: [www.coimares.com/IT/governance/sistema-di-governance/procedura-registro-insider.php](http://www.coimares.com/IT/governance/sistema-di-governance/procedura-registro-insider.php).

On September 14<sup>th</sup>, 2015, the Board of Directors adopted the Internal Dealing Procedure, as subsequently amended on July 27<sup>th</sup>, 2016 (the "**Internal Dealing Procedure**") in order to: a) identify the relevant persons, the relevant shareholders, and the closely associated persons and the transactions carried out by them that must be communicated to the Company, Consob and the public pursuant to the aforementioned legal and regulatory provisions; b) determine the methods and terms for communicating the transactions referred to in the previous point to the Company, Consob and the public; c) ensure compliance with the legislation on *market abuse*; d) give information to the persons identified pursuant to the previous letter a) of the identification of the same and of the communication obligations and related duties.

The *Internal Dealing Procedure* is available on the Company's website at the address: [www.coimares.com/IT/governance/internal-dealing.php](http://www.coimares.com/IT/governance/internal-dealing.php).

## 6. INTERNAL COMMITTEES OF THE BOARD (EX ART. 123-BIS, PARAGRAPH 2, LETTER D), TUF)

In accordance with the corporate governance requirements for listed companies set forth by Borsa Italiana in the Code and in order to increase the effectiveness and efficiency of the Board of Directors, on September 14<sup>th</sup>, 2015, the Board of Directors appointed, among other things, the members of the following committees: Remuneration Committee and Control and Risk Committee – also as Committee for transactions with related parties -. In particular, the Board of Directors identified the Control and Risk Committee, made up of non-executive and independent Directors, as the committee responsible under the Related Parties Procedure and assigned to the Control and Risk Committee the role and powers that, pursuant to the Related Parties Regulation, are vested in committees made up, in whole or in majority, of independent directors.

As of October 14<sup>th</sup>, 2015, the Issuer's Board of Directors has resolved to set up, with effect from the Trading Start Date, an Investment Committee, consisting of five Directors, two of whom are independent directors; the risk manager assists the Investment Committee with a technical support function.

On the same date, the Board of Directors, as regards the directors who are part of the first Investment Committee, resolved to appoint: Manfredi Catella, Gabriele Bonfiglioli, Matteo Ravà, Feras Abdulaziz Al-Naama and Michel Vauclair.

The Investment Committee is an internal board body of an advisory nature, with functions of support for investment and divestment decisions by the Board of Directors of the Company.

The Investment Committee:

- examines any investment or divestment that the Company intends to promote for itself or for the Vehicles it manages;
- examines pipeline opportunities and approves expense budgets for the *due diligence* phase;
- monitors the progress of the analyses undertaken on the opportunities under consideration (pipeline) and assesses whether to proceed with the submission of non-binding offers;
- evaluates in advance, for subsequent resolution of the Board of Directors, the following operations:
  - new financing contracts or amendments to existing financing contracts;
  - derivatives to hedge the interest rate risk on loans or assets and other liabilities held by the Company;
- assesses lease contracts covering areas of more than 4,000 sqm of commercial areas or more than 25% of the NRA (net leasable area) of a single building.

It also provides for the possibility of having both Company employees and third parties belonging to the SGR, all of whom are highly specialised in financial and real estate matters, attend meetings on specific issues.

In the event of a positive outcome, the investment or divestment proposal, supported by the technical and financial documentation collected and/or prepared during the preliminary investigation phase, is submitted to the Board of Directors for evaluation and resolutions for which it is responsible. In the event of a favourable resolution by the Board of Directors, the transaction is carried out.

If the investment or disinvestment transaction falls within the limits of the powers granted to the Chief Executive Officer, it may be carried out directly following the assessment procedure carried out by the Investment Committee.

On May 25<sup>th</sup>, 2016, the Board of Directors resolved to grant the Investment Committee an annual expenditure budget of Euro 20,000.

On February 8<sup>th</sup>, 2017, the Board of Directors also resolved to allocate to the Remuneration Committee, the Control and Risk Committee an annual expenditure budget of Euro 20,000 with the exception of the Control and Risk Committee in its capacity as Related Parties Committee, for which a *budget* will be provided if necessary.

## **7. APPOINTMENTS COMMITTEE**

In consideration of the size of the Company, it did not deem it necessary to set up an Appointments Committee at this stage which could possibly be set up following the development of its activities.

## **8. REMUNERATION COMMITTEE**

### **Composition and functioning of the Compensation Committee (pursuant to Article 123-bis, Section 2, Letter d), TUF)**

The Remuneration Committee is composed of three non-executive directors, all independent. Alternatively, the Committee may be composed of three non-executive directors, the majority of whom are independent; in this case the Chairman of the Committee is chosen from among the independent directors. If the Board of Directors is composed of no more than eight members, the Remuneration Committee may be composed of only two directors, provided they are independent.

At the end of the Financial Year and on the Date of the Report, the Remuneration Committee is composed by the Directors Laura Zanetti (independent director), as Chairwoman of the Remuneration Committee, Caio Massimo Capuano (non-executive director) and Alessandra Stabilini (independent director).

At least one member of the Remuneration Committee must have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board of Directors at the time of appointment. In this regard, it should be noted that the Company, in view of the professional qualifications and activities previously carried out, has deemed that the members of the Compensation Committee have adequate knowledge and experience in accounting and financial matters and/or compensation policies. The members of the Committee remain in office for the period determined from time to time by the Board of Directors at the time of their appointment or, if not determined, for as long as such members hold the position of director. In the event of resignation or termination of one or more members from the office of director, the Committee is integrated by the Board of Directors. During its term of office, the Board of Directors may change the composition of the Committee.

The Remuneration Committee meets with an adequate frequency to ensure the proper performance of its functions and duties.

Any documentation relating to the items on the agenda is made available to members by the Chairman or secretary, if appointed, normally at the same time as the notice of call. The documentation may also be sent by e-mail to the addresses indicated by the members of the Remuneration Committee.

The meetings of the Remuneration Committee are chaired by the Chairman or, in his absence or impediment, by the member appointed by those present.

The Chairman of the Board of Directors may attend the meetings. In addition, at the invitation of the Remuneration Committee, through its Chairman, with reference to the individual items on the agenda, other persons may also attend, including other members of the Board or of the corporate structure.

No director takes part in the meetings of the Committee in which proposals are made to the Board of Directors regarding his or her own remuneration.

For meetings of the Remuneration Committee to be valid, the majority of its members must be present.

Resolutions are passed by majority vote of those present. If the Remuneration Committee is composed of two members, it must pass resolutions unanimously.

The resolutions of the Remuneration Committee result from specific minutes which are signed by the person chairing the meeting and by the secretary, if appointed.

The members of the Committee shall be entitled to reimbursement of expenses incurred by reason of their office.

During the Financial Year no. 3 meetings of the Remuneration Committee were held, all duly recorded in minutes, lasting on average about 1 hour and 20 minutes. Participation in the meetings by members of the Remuneration Committee was 100% for Laura Zanetti, 100% for Caio Massimo Capuano e 100% for Alessandra Stabilini.

The meetings of the Remuneration Committee were attended by the Chairman of the Board of Statutory Auditors and, in some meetings, by members of the Board of Statutory Auditors and the CFO of the Company at the invitation of the Chairman.

In 2017 the Remuneration Committee, during the meeting held on February 8<sup>th</sup>, 2017, has shown its proposals regarding the remuneration policy, for which reference should be made to the relevant annual report published pursuant to art. 123-ter TUF.

The Remuneration Committee during 2017 has scheduled no. 4 meetings of which, as of the Date of the Report, no. 2 have been held.

For further information on the structure of the Remuneration Committee, see **Table 2** attached to the Report.

### **Functions of the Remuneration Committee**

The Remuneration Committee:

- makes proposals to the Board of Directors regarding the definition of the policy for the remuneration of directors and managers with strategic responsibilities of the Company.
- periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and executives with strategic responsibilities, making use in this regard of the information provided by the managing directors; makes proposals to the Board of Directors on the subject;
- submits proposals or expresses opinions to the board of directors on the remuneration of executive directors and other directors holding particular positions as well as on the setting of performance objectives related to the variable component of such remuneration; monitors the application of the decisions adopted by the board itself, verifying, in particular, the actual achievement of the performance objectives.

In carrying out its functions, the Remuneration Committee has the right to access the company information and functions necessary to carry out its tasks, as well as to avail itself of external consultants, within the terms established by the Board of Directors; the Remuneration Committee defines an annual expense *budget* which it submits to the Board of Directors when the annual financial report is approved. The Company makes available to the Remuneration Committee adequate financial resources to carry out its tasks within the limits of the budget approved by the Board of Directors (see in this regard what is described in Chapter 6 of the Report).

If it intends to avail itself of the services of a consultant in order to obtain information on market practices regarding remuneration policies, the Remuneration Committee checks in advance that it is not in a situation that compromises its independent judgement. The Remuneration Committee, in the performance of its duties, ensures appropriate functional and operational links with the competent company structures.

The Chairman of the Remuneration Committee shall report on the Committee's work at the first useful meeting of the Board of Directors.

The Committee reports to the Company's shareholders on the manner in which it exercises its functions.

## 9. DIRECTORS' REMUNERATION

Information on the remuneration of directors is contained in the annual report on the remuneration policy and compensation paid, to which reference should be made for detailed information, prepared pursuant to Article 123-ter of the TUF and Article 84-quater of the Issuers' Regulations and in compliance with the recommendations of Article 6 of the Code, available to the public at the Company's registered office, on the Company's website ([www.coimares.com](http://www.coimares.com)) and in the "NIS-Storage" authorised storage mechanism, available at [www.emarketstorage.com](http://www.emarketstorage.com).

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### **Directors' indemnity in the event of resignation, dismissal or termination of employment following a takeover bid (pursuant to art. 123-bis, paragraph 1, letter i), TUF)**

It should be noted that, except as specified below, no agreements have been entered into between the Company and the directors providing for compensation in the event of resignation or dismissal/revocation without just cause or if the employment relationship is terminated following a takeover bid.

Pursuant to the contracts signed on October 15<sup>th</sup>, 2015 between COIMA SGR, COIMA RES, Manfredi Catella, Gabriele Bonfiglioli and Matteo Ravà in the event of termination of office by Gabriele Bonfiglioli and Matteo Ravà, without prejudice to the applicability of the provisions contained in the *Asset Management Agreement*, in the event of *Good Leaver* (i.e. (i) failure to appoint of Gabriele Bonfiglioli and Matteo Ravà under the terms and conditions set forth in the private agreement and / or failure to confirm / ratify the same after the listing; or (ii) termination of the office of director of the Company upon the occurrence of certain cases of withdrawal from the *Asset Management Agreement*; or (iii) failure to renew for a further three years in the office of director upon the natural expiry of the first three-year term and, subsequently, upon the natural expiry of the second three-year term; or (iv) non-acceptance of the proposal for renewal of the appointment under conditions that are worse than those applied in the previous three years from Gabriele Bonfiglioli and Matteo Ravà; or (v) revocation of Gabriele Bonfiglioli and Matteo Ravà in the absence of a just cause for revocation (or a serious breach, wilful or negligent, by Gabriele Bonfiglioli and Matteo Ravà to legal or statutory obligations which are also capable of irreparably compromising the relationship of trust among the directors Gabriele Bonfiglioli, Matteo Ravà and the company and which therefore does not allow the continuation, even provisionally, of the administrative relationship); (vi) resignation from office by Gabriele Bonfiglioli and Matteo Ravà in the presence of a just cause for resignation; or (vii) death of Gabriele Bonfiglioli and Matteo Ravà) the SGR will have a call option on the Financial Instrument of Gabriele Bonfiglioli and Matteo Ravà for the purchase of the same at the value of the remuneration of the Financial Instruments accrued (as ascertained by an independent third legal or statute obligations that are also capable of irreparably compromising the relationship of trust between the director and the Company and which therefore does not allow the continuation, even provisionally, of the management relationship) the SGR will have a call option on the Financial Instrument of Gabriele Bonfiglioli and Matteo Ravà for the purchase at a nominal value of Euro 0.10.

In any case, Manfredi Catella ceases to hold office for one of the following reasons (so-called *Good Leaver*): (i) failure to appoint Manfredi Catella in the terms and conditions provided for in the private contract and/or failure to confirm/ratify the same after the listing; or (ii) termination of the office of Chief Executive Officer of the Company in the event of any of the cases of withdrawal from the *Asset Management Agreement*; or (iii) non-renewal for a further three years in the office of Chief Executive Officer at the natural expiry of the first three-year term and, subsequently, at the natural expiry of the second three-year term; or (iv) non-acceptance by Manfredi Catella of the proposal to renew the appointment at conditions worse than those applied in the previous three years; or (v) revocation of Manfredi Catella in the absence of a Just Cause for Revocation (as defined below); (vi) Manfredi Catella's resignation from office in the presence of a Just Cause of Resignation as defined below or (vii) Manfredi Catella's death (in which case the indemnity will be paid to those entitled), the Company shall be obliged to pay the Chief Executive Officer as compensation for damages or, in any case, as an indemnity for the termination of the administration relationship (the "Indemnity for damages"), the greater amount of (a) Euro 5.000,000 and (b) 3 (three) times the total annual compensation (fixed plus variable) indicated by a primary and independent *executive advisory firm* quale *benchmark* as a market benchmark for the role of managing director held in one of the main real estate companies listed in Europe (such as British

Land, Land Securities, Unibail Rodamco, Hammerson, Songbird Estate, Capital & Counties, Great Portland, Derwent London and Swiss Prime Site). The Company considers the amount of the indemnity to be adequate in relation to the contribution of commitment, expertise and image that Manfredi Catella gives as Chief Executive Officer.

By “**Just Cause of Resignation**”, we mean with reference to Manfredi Catella, by way of example and not exhaustive: (1) unagreed modification of the powers and proxies attributed to Manfredi Catella; (2) appointment of another managing director in the absence of Manfredi Catella's express consent; (3) appointment of a general manager in the absence of Manfredi Catella's express consent; (4) unagreed assignment of all or part of the powers and proxies attributed to Manfredi Catella to a director other than Manfredi Catella or to an employee and/or consultant of the Company; (5) serious infirmity or impediment due to illness or injury (duly certified and ascertained), which determine the substantial professional unfitness of Manfredi Catella; (6) request for resignation from Manfredi Catella by the Company or its shareholders, even indirectly in writing, regardless of the alleged existence of a Just Cause of Revocation - as defined below - ; (7) in general (even if not included in the above letters) any act or event qualified as a just cause for resignation under the applicable provisions of law.

In the event of Manfredi Catella challenging the existence of a just cause for revocation (i.e. a serious and repeated intentional or grossly negligent failure of the director to comply with legal or statutory obligations which is also likely to irreparably compromise the relationship of trust between the director and the Company and which therefore does not allow the continuation, even provisionally, of the relationship - “**Just Cause of Revocation**”), the Company shall in any case immediately pay 1/3 of the indemnity to the director, without prejudice to the right of the director to repay the amount paid, net of withholding taxes, increased only by legal interest, if the existence of the Just Cause for Revocation is ascertained by a final judgement and without prejudice to the right of the director to obtain the balance, plus interest and revaluation, if the existence of the Just Cause for Revocation is ascertained, even if it is not final.

In the event that the Company contests the recurrence of a Good Leaver case, the Company must in any case immediately pay Manfredi Catella (or his assignees) 2/3 of the indemnity, without prejudice to the right to repeat the amount paid by the director, net of withholding taxes, increased only by the legal interest, in the event that the existence of a *Good Leaver* hypothesis is ascertained, with a final judgement, and without prejudice to Manfredi Catella's right to obtain the balance, plus interest and revaluation, in the event that the existence of a *Good Leaver* hypothesis is ascertained, even if it is not final.

Without prejudice to the applicability of the provisions contained in the *Asset Management Agreement*, in case of *Good Leaver* the SGR will have a call option on the financial instrument of the director for the purchase of the same at the value of the Remuneration of the Financial Instruments accrued (as ascertained by an independent third party valuer), while in case of *Bad Leaver* (i.e., revocation of the director in the presence of a Just Cause of Revocation) the SGR will have a call option on the financial instrument of the director for the purchase of the same at nominal value.

With reference to the Financial Year and up to the Date of the Report, there were no cases of termination of office and / or dissolution of the relationship with an executive director or general manager.



## **10. CONTROL AND RISK COMMITTEE**

### **Composition and functioning of the Control and Risk Committee (ex art. 123-bis, paragraph 2, letter d), TUF)**

The Control and Risk Committee is composed of three non-executive directors, all independent. Alternatively, the Committee may be composed of three non-executive directors, the majority of whom are independent; in this case the Chairman of the Committee is chosen from among the independent directors. If the Board of Directors is composed of no more than eight members, the Control and Risks Committee can be composed of only two directors, provided they are independent.

At the end of the Financial Year and on the Date of the Report, the Control and Risk Committee is composed of the directors Agostino Ardissone (independent director), as Chairman of the Control and Risk Committee, Alessandra Stabilini (independent director) and Laura Zanetti (independent director).

At least one member of the Control and Risk Committee must have adequate accounting and financial or risk management experience, to be assessed by the Board of Directors at the time of appointment. In this regard, it should be noted that the Company, in view of the professional qualifications and activities previously carried out, has deemed the members of the Control and Risk Committee to have adequate experience in accounting and financial or risk management matters.

The members of the Control and Risk Committee remain in office for the period determined from time to time by the Board of Directors at the time of appointment or, in the event of failure to do so, for as long as such members hold the position of director. In the event of resignation or termination of one or more members from the office of director, the Control and Risk Committee is integrated by the Board of Directors. During its term of office, the Board of Directors may change the composition of the Control and Risk Committee.

The Control and Risk Committee meets at a frequency adequate to ensure the proper performance of its functions and duties and in any case at least quarterly.

The Control and Risk Committee is convened at the registered office (or at another place indicated by the Chairman) by the Chairman or on his own initiative or following a written request by even a single member.

The Control and Risk Committee also meets when requested to do so by the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, or the Director in charge of the Internal Control and Risk Management System.

Any documentation relating to the items on the agenda is made available to members by the Chairman or secretary, if appointed, normally at the same time as the notice of call. The documentation may also be sent by e-mail to the addresses indicated by the members of the Control and Risk Committee.

Committee meetings are chaired by the Chairman or, in his absence or impediment, by the member appointed by those present.

The Chairman of the Board of Statutory Auditors or another auditor designated by him/her attends the meetings of the Control and Risk Committee. The other Statutory Auditors may also attend.

The Chairman of the Board of Directors and the Chief Executive Officer may attend meetings. In addition, at the invitation of the Committee, through its Chairman, with reference to the individual items on the agenda, the Chief Executive Officer and other persons, including other members of the Board or the corporate structure, may attend meetings.

For the meetings of the Control and Risk Committee to be valid, a majority of its members must be present.

Resolutions are taken by majority vote of those present. If the Control and Risks Committee is composed of two members, it must resolve unanimously.

The resolutions of the Control and Risk Committee are recorded in specific minutes that are signed by the person chairing the meeting and by the secretary, if appointed.

The Committee shall report to the Board of Directors at least once every six months on all the activities it has carried out.

The members of the Committee are entitled to reimbursement of the expenses incurred by reason of their office.

During the year, 4 meetings of the Control and Risk Committee were held, all duly recorded in the minutes, with an average duration of approximately one hour and forty minutes. Attendance at meetings by members of the Control and Risk Committee was 100% for Agostino Ardissonne, 100% for Laura Zanetti and 100% for Alessandra Stabilini.

The meetings of the Control and Risk Committee were always attended either by the Chairman of the Board of Statutory Auditors and/or by members of the Board of Statutory Auditors at the invitation of the Chairman of the Control and Risk Committee: in particular 50% of the meetings were attended by Massimo Laconca, 75% of the meetings were attended by Milena Livio and 25% of the meetings were attended by Marco Lori. The Company's CFO also attended all the Control and Risk Committee meetings at the invitation of the Chairman of the Control and Risk Committee.

Some meetings of the Control and Risks Committee were also attended at the invitation of the Chairman of the Control and Risks Committee, the risk manager of the Company and the Internal Audit.

During 2017, the Audit and Risk Committee has scheduled 5 meetings, of which, as of the Report Date, 1 meeting has been held .

For further information on the structure of the Control and Risk Committee, see Table 2 attached to the Report.

### **Functions attributed to the Control and Risk Committee**

The Committee was assigned the tasks envisaged under the Corporate Governance Code, and in particular the task of:

- assisting and supporting the Board of Directors, ensuring that the latter has adequate investigative activity, in assessments and decisions relating to the Company's Internal Control and Risk Management System (hereinafter "**SCIGR**") and in those relating to the approval of periodic financial reports;
- express its opinion to the Board of Directors in this regard:
  - the definition of the guidelines of SCIGR, so that the main risks relating to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, and the determination of the degree of compatibility of these risks with a management of the company consistent with the strategic objectives identified;
  - the assessment, at least once a year, of the adequacy of the SCIGR with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
  - the approval, at least once a year, of the work plan prepared by the Head of the Internal Audit Department, after consulting the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
  - to the description, within the corporate governance report, of the main characteristics of the SCIGR and the coordination methods among the persons involved in it, expressing their assessment of its adequacy;
  - the evaluation, after consulting the Board of Statutory Auditors, of the results set out by the Statutory Auditor in the letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit;
- express its opinion to the Board of Directors on the matter:
  - the appointment and dismissal of the Head of Internal Audit;
  - the fact that the latter is adequately resourced to carry out its responsibilities;

- the fact that the remuneration of the Head of the Internal Audit Function is defined consistently with company policies;

The Risk Control Committee was assigned the following functions to support the Board of Directors to:

- assess, together with the manager responsible for preparing the company's financial reports and after consulting the statutory auditor and the board of statutory auditors, the correct use of the accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
- express opinions on specific aspects relating to the identification of the main business risks;
- examines the periodic reports on the evaluation of the internal control and risk management system and those of particular importance prepared by the internal audit function;
- monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- may request the internal audit function to carry out checks on specific operational areas, notifying the Chairman of the Board of Statutory Auditors accordingly;
- shall report to the Board at least once every six months on the adequacy of the internal control and risk management system;
- support, through adequate investigation activities, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has become aware.
- perform such other tasks as may be assigned by the Board of Directors.

In addition, at the request of the Board of Directors, it expresses a prior opinion on significant transactions between the Company and related parties, as defined by International Accounting Standards (IAS/IFRS) no.24.

In carrying out their functions, the members of the Control and Risk Committee had the right to access the information and company functions necessary for the performance of their duties, as well as to make use of external consultants, within the terms established by the Board of Directors; the Control and Risk Committee defines an annual expense budget which it submits to the Board of Directors when the annual financial report is approved. The Company makes available to the Control and Risk Committee adequate financial resources to carry out its tasks within the limits of the budget approved by the Board of Directors.

In particular, with reference to the Financial Year, the Control and Risk Committee has:

- analysed the Committee's operating regulations;
- examined investment proposals for which elements of conflict of interest and / or related parties could be identified;
- examined the internal control system regulation;
- periodically assessed the adequacy of the internal control and risk management system;
- assessed the periodic financial reports and the annual and consolidated financial statements;
- assessed the development of the organisational set-up;
- periodically assessed the activities carried out by the control functions;
- assessed, together with the manager responsible for preparing the Company's financial reports and having consulted the statutory auditor and the board of statutory auditors, the correct use of accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements..

The Chairman of the Control and Risk Committee reports on the work of the Control and Risk Committee at the first useful meeting of the Board of Directors.

The Control and Risk Committee, in its capacity as the Related Parties Committee, has examined the transactions with related parties entered into by the Company, noting the Company's interest in carrying out

the transaction as well as the appropriateness and substantial correctness of the conditions of the transaction, also with the aid of external consultants' opinions.

## 11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The risk management system is not considered separately from the internal control system in relation to the financial reporting process as both constitute elements of the same System. The Internal Control and Risk Management System has been designated and implemented to ensure the reliability, accuracy, reliability and timeliness of financial reporting as well as the safeguarding of the Company's assets, the efficiency and effectiveness of corporate processes, compliance with laws and regulations and with the Bylaws and internal procedures.

The internal control and risk management system is the set of rules, procedures and organisational structures designed to allow, through an adequate process of identification, measurement, management and monitoring of the main risks, a healthy, correct and consistent management of the company with the set objectives. The design and implementation of the model was carried out considering the size of the Company, the actual activities carried out by it and taking into account, also with the help of an external consultant, the practices followed by the market. This system is periodically monitored by all the functions that will be described below and is subject to continuous review and updating over time, both for any regulatory adjustments and for any suggestions from the relevant bodies and for any changes in the Company's organisational structure.

The Board of Statutory Auditors is at the top of the Internal Control and Risk Management System (hereinafter "SCIGR").

The Board of Directors, in defining strategic, industrial and financial plans, has complied with the provisions of the Articles of Association in terms of risk assumption.

In particular, Article 4 of the Articles of Association provides for specific principles of risk spreading and containment and in particular the following rules on investments in real estate, risk concentration limits and leverage, to be considered applicable both in the case of direct and indirect investments through subsidiaries, mutual funds or other investment vehicles:

- a) investment in a single real estate property with unitary urban and functional characteristics must be limited to a maximum amount equal to 40% of the total value of the Company's assets resulting from the latest approved financial statements; it should be noted that, in the case of development plans that are the subject of a single urban planning project, those portions of real estate that are the subject of individual and functionally autonomous building permits or that are equipped with sufficient urbanization works to ensure connection to public services will be excluded from the above definition;
- b) rentals from a single lessee - or from tenants belonging to the same group - may not exceed 40% of the total amount of the Company's rentals; it should be noted that tenants belonging to a group of national and/or international importance are considered excluded from the application of this limit;
- c) financial indebtedness, net of cash and cash equivalents and financial receivables from the parent company, may not exceed 70% of the total value of the assets shown in the latest approved financial statements.

The aforesaid limits may be exceeded in the presence of exceptional circumstances or, in any case, not dependent on the Company. In any case, the aforesaid thresholds shall not apply in the following 24 (twenty-four) months from the date of incorporation of the Company.

As part of the financial planning process, the Board of Directors has assessed all risks related to the Company's activities, assessing their impact with appropriate *sensitivity analyses*.

On July 27, 2016, the Board of Directors adopted the Internal Control and Risk Management Regulations, for the purposes of corporate risk management, based on a traditional three-level control model:

- line" (or "first level") controls, carried out by the operating units themselves;
- the "second level" controls, carried out by the Risk Management and Compliance functions <sup>1</sup>;
- the "third level" controls carried out by the Internal Audit Department.

As of January 24<sup>th</sup>, 2017, the Board of Directors has supplemented the mandate of the Internal Audit, also entrusting it with the control activities of the Compliance Function.

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<sup>1</sup> The legal function assists the Issuer in the preventive verification in terms of correct adherence to the applicable legislation.

In addition, the Company has established, as required by the Corporate Governance Code, a Control and Risk Committee as well as a Remuneration Committee and an Investment Committee.

Responsibility for the proper functioning of line controls, as well as being directly attributable to the individual heads of the organizational units, lies with the Board of Directors, which is periodically reported by the various control bodies on the deficiencies detected or the need to strengthen and/or improve existing controls. The Company's operating structures are primarily responsible for the risk management process: in the course of day-to-day operations, these structures must identify, measure or evaluate, monitor, mitigate and report risks arising from ordinary activities, in accordance with the risk management process; they must comply with the operating limits assigned to them consistently with the risk objectives and the procedures in which the risk management process is structured.

The second-level corporate control functions are directly subordinate to the Board of Directors, in the same way as the Internal Audit function.

The adequacy of the SCIGR is monitored by the Board of Statutory Auditors, also through periodic meetings with the corporate control functions and with the internal audit committees.

Line controls (so-called "**first level controls**") are aimed at ensuring the correct performance of operations. They are carried out by the operating structures themselves (e.g., hierarchical, systematic and sample checks), or carried out within Finance; as far as possible, they are incorporated into IT procedures.

Line controls are controls of a procedural, IT and behavioural nature, carried out both by those who carry out a specific activity (so-called first instance line controls) and by those who have the responsibility of supervising them as *risk owners* (so-called second instance line controls).

Risk and compliance controls (so-called "**second-level controls**") are designed to ensure, among other things:

- the correct activation of the risk management process;
- compliance with the operational limits assigned to the various functions;
- compliance of company operations with regulations, including self-regulation.

The Internal Audit Function (so-called "third level controls") aims to identify violations of procedures and regulations and to periodically assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the information system (ICT audit), at predetermined intervals in relation to the nature and intensity of the risks.

The prerequisite for a complete and functional internal control system is the existence of an adequate corporate organisation to ensure the sound and prudent management of listed companies and compliance with the provisions applicable to them. To this end, the Company is guided by the following **general principles of organisation**:

- decision-making processes and the assignment of functions to personnel are formalised and allow the unambiguous identification of tasks and responsibilities and are suitable for preventing conflicts of interest. In this context, the necessary separation between operational and control functions is ensured;
- human resources management policies and procedures ensure that staff are provided with the skills and professionalism necessary to exercise the responsibilities assigned to them;
- the risk management process is effectively integrated;
- the processes and methods of evaluation, also for accounting purposes, of company activities are reliable and integrated with the risk management process;
- operating and control procedures must: minimise the risks associated with fraud or employee infidelity; prevent or, where this is not possible, mitigate potential conflicts of interest; prevent involvement, even unconsciously, in matters of money laundering, usury or terrorist financing;
- the Company's information system meets high requirements in terms of IT security and business continuity.

The Board of Directors performs a strategic supervision and management function.

Within the administrative body the director in charge of establishing and maintaining an effective internal control and risk management system has been identified (the so-called director in charge of the internal control and risk management system) in the person of Mr. Matteo Ravà, as described in paragraph 11.1 below.

The *Internal Audit* function, carried out entirely in outsourcing, through a specialized company:

- (i) performs control activities to assess the effectiveness and efficiency of operating processes, compliance with internal and external regulations, the reliability of the operating structure and delegation mechanisms, freely and independently accessing functions, data and documents and using suitable tools and methodologies;
- (ii) ensure top management timely and systematic information on the status of the control system and the results of the activities carried out;
- (iii) maintains an organic information link with the Board of Statutory Auditors with reference to both the planning of auditing activities and information on the results of the controls carried out;
- (iv) carries out investigations and checks to reconstruct facts or events deemed to be of particular importance, also in order to ascertain any responsibilities attributable to employees.

The Risk Management Function is mainly involved in the definition, at each stage, of the risk management model of the Company as well as the risk governance policies, collaborating for this purpose with the top management in setting the operating limits and assumption of various types of risk.

The *Risk Management* Function:

- proposes the Company's *risk framework*;
- analyses, monitors and carries out suitable reporting of the risks to which the Company is exposed;
- analyses investment and divestment operations;
- supports the Finance function in the analysis of the assessments made by the Independent Experts appointed by the Company with reference to the real estate investments made.

The *Risk Management* Function reports the results of its activities exclusively to the Board of Directors, the Board of Statutory Auditors and the Control and Risks Committee and, at least once a year, on the occasion of the approval of the financial statements, transmits to the aforementioned corporate bodies a report on matters relating to its activity.

The Board of Directors, with the assistance of the Control and Risks Committee, defines the guidelines for the internal control and risk management system so that the main risks affecting the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored.

With regard to the financial reporting process, the Board of Directors approved the following procedures: Regulations of the Financial Reporting Manager, the *scoping* procedure, the planning and management control procedure and the Group policy for managing the risk of incorrect financial reporting as well as the procedure for evaluating assets and assigning tasks to Independent Experts. These procedures were already adopted starting from the 2015 financial year, with the exception of the procedure for the evaluation of assets and for the assignment of tasks to the Independent Experts which was adopted on May 25<sup>th</sup>, 2016, and subsequently modified and updated during the financial year. 2016. These procedures are aimed at regulating the processes in order to allow the preparation and dissemination of financial information in a timely, truthful and correct manner.

As established by the aforementioned procedures, the Financial Reporting Manager has defined a specific control *framework* in order to ensure correct mitigation of the risks of incorrect financial information, pursued through an analysis approach transversal to the various company processes and aimed at identifying and controlling the main risks to which the company is exposed in the execution of significant transactions that generate the information contained in the financial statements and in general in any other information of a financial nature.

The *framework* is based on principles and guidelines defined by the *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* (known as *CoSO*) and by the *Control Objectives for Information and related Technology* (known as *CobiT*), considered models of internationally accepted reference.

The levels of analysis of the *framework*, which in combined action lead to the definition of adequate administrative and accounting procedures, are the following:

- **Process Control:** these are controls that operate at process level and whose implementation provides evidence of the level of adjustment of administrative and accounting procedures applied in order to ensure effective internal control over financial reporting.
- **Information Technology Controls (IT General Control or “ITGC”):** controls that operate at the corporate level and that are specifically related to *Information Technology* management processes supporting the execution of corporate processes; they concern, for example, software acquisition and maintenance processes, physical and logical security management, development and maintenance of applications i.

The methodological approach for monitoring the risk of incorrect financial reporting reflects the phases of COIMA RES S.p.A. SIIQ's risk management process, which is divided into the following phases:

- Identification;
- Assessment;
- Monitoring;
- Attenuation;
- Reporting.

The objective of the *scoping* activity is to select the significant Group entities and the main business processes that feed into the Income Statement and Balance Sheet of these entities, through both quantitative and qualitative analyses.

The Financial Reporting Manager identifies the classes of risk to be used to support the identification of specific risks, which are recorded at the level of the individual operating process.

The objective of the *Risk assessment* phase is to assess, through process analysis and taking into account the scope of activity defined in the Scoping & Planning phase, the risk points that have an impact on significant accounts (and that are therefore relevant in terms of correctness of administrative and financial information), the control mechanisms that oversee them and the adequacy of the design of these controls.

Once the risks of incorrect financial information have been identified and assessed, the Financial Reporting Manager checks the adequacy of the internal control system in terms of achieving the control and risk mitigation objectives, gathering a set of characteristic information including coverage of the control objectives, frequency, control method, method of execution, evidence of control.

The *testing* phase requires a prior sampling of the population of controls to be examined. The methodologies used in the sampling phase take into account the nature of the control and its frequency.

The manager in charge monitors the follow-up of the required corrective actions and provides feedback to the structures concerned, with a view to continuous improvement and constant updating of the internal control system.

The shortcomings found and the corrective actions implemented are recorded in a register held in electronic format and periodically brought to the attention of the Board of Directors.

Together with what is explicitly provided for by the reference regulations, the Manager in Charge prepares a report:

- the annual plan of the activities of the Financial Reporting Manager, within which the scope of analysis is set out;
- the half-yearly report (in correspondence with the statutory and condensed half-yearly financial statements) on the results of the activities carried out;
- if necessary and/or at the request of the corporate bodies, specific and dedicated reports.

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On July 27<sup>th</sup>, 2016, the Board of Directors has, among other things:

- approved the 2016/2017 Audit Plan prepared by the head of the internal audit function, previously presented to the Control and Risks Committee on July 15<sup>th</sup>, 2016, after consulting the Board of Statutory Auditors, the Control and Risks Committee and the director in charge of the internal control system and risk management;



- assessed the internal control and risk management system as adequate in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

On February 8<sup>th</sup>, 2017, the Board has, among other things:

- approved the 2017 Audit Plan prepared by the head of the internal audit department, previously presented to the Control and Risk Committee on February 2<sup>nd</sup>, 2017, after hearing the Board of Statutory Auditors, the Control and Risk Committee and the chief executive officer in charge of setting up and maintaining the internal control and risk management system;
- approved the 2017 activity plan prepared by the head of the risk management function, previously presented to the Control and Risk Committee on 2 February 2017, having consulted the Board of Statutory Auditors, the Control and Risk Committee and the director in charge of the internal control and risk management system;
- approved the 2016 Audit Plan prepared by the head of the compliance department, previously presented to the Control and Risk Committee on February 2<sup>nd</sup>, 2017, after consulting the Board of Statutory Auditors, the Control and Risk Committee and the chief executive officer in charge of establishing and maintaining the internal control and risk management system;
- examined the report for 2016 prepared by the risk management function, previously submitted to the Control and Risks Committee on February 2<sup>nd</sup>, 2017, after consulting the Board of Statutory Auditors, the Control and Risks Committee and the director in charge of the internal control and risk management;
- examined the report for the year 2016 prepared by the Supervisory Body, previously submitted to the Control and Risk Committee on February 2<sup>nd</sup>, 2017, after consulting the Board of Statutory Auditors, the Control and Risk Committee and the chief executive officer in charge of setting up and maintaining the internal control and risk management system;
- assessed the internal control and risk management system as adequate in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

The assessment of the internal control and risk management system was carried out on the basis of the Company's characteristics at the date of the *assessment* and after requesting specific evidence of the assessment activities carried out by the Control and Risk Committee.

## **11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

On November 19<sup>th</sup>, 2015, the Board of Directors appointed Matteo Ravà as director in charge of the internal control and risk management system.

The Director in charge of the internal control and risk management system, as part of the performance of the assigned task:

- took care of the identification of the main corporate risks taking into account the characteristics of the activities carried out by the Company and the indications within the Company's Articles of Association of the principles of risk fractioning and mitigation in relation to real estate investments. This task is carried out within the framework of the role covered within the Company's Investment Committee and within the framework of the meetings of the Board of Directors that analyse investment and financing operations;
- implemented the guidelines of the Board of Directors in terms of the internal control and risk management system, verifying, even with its presence in the Risks and Controls Committee, the adequacy and effectiveness of the same;
- verify, also with the help of the legal department, that the system adopted is adapted to the operating conditions and the legislative and regulatory framework.

With regard to reporting to the Board of Directors and/or the Control and Risk Committee on problems or critical issues that have emerged in the performance of his activities and of which he has become aware, and with regard to possible requests to Internal Audit to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate operations, the Director in charge of the internal control and risk management system has assessed that there were no grounds for activating such situations.

## **11.2 RESPONSIBLE FOR THE *INTERNAL AUDIT* FUNCTION**

The Board of Directors, on October 14<sup>th</sup>, 2015, appointed (effective from the Trading Start Date) as head of the *internal audit* function Mr. Arturo Sanguinetti, chairman of the company Tema S.r.l., in charge of verifying that the internal control and risk management system is functioning and adequate.

It should be noted that, since the appointment took place prior to the Trading Start Date, it did not take place on the proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee and having heard the board of statutory auditors.

This assignment has a duration of 36 months with effect from the Trading Start Date (May 2016) and provides for a fee amounting to Euro 50 thousand per year, integrated to Euro 62 thousand with the assignment of the *compliance* function from January 2017.

It should be noted that, since the appointment took place prior to the Trading Start Date, the remuneration of the head of the *internal audit* function has not been defined on the proposal of the director in charge of the internal control and risk management system, subject to a favourable opinion of the control and risk committee and after consulting the board of statutory auditors.

For the performance of his duties Mr. Sanguinetti maintains a special register in which to record all the internal audit controls put in place. Furthermore, he reports the results of his activities exclusively to the Board of Directors, the Board of Statutory Auditors and the Control and Risks Committee and, at least once a year, on the occasion of the approval of the financial statements, transmits to the aforementioned corporate bodies and the Committee Control and Risks a report on internal audit matters. The Company has the right to withdraw from the contract with Tema S.r.l. at any time by paying the remuneration for the portion accrued while Mr. Sanguinetti can terminate the contract with six months' notice.

The head of the *internal audit* function is not responsible for any operational area and reports hierarchically to the Board.

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Consistent with the assignment received, the Heads of Internal Audit and Compliance functions:

- verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit and Compliance plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- has direct access to all information useful for the performance of their duties;
- provides adequate information on their activities, on the manner in which control and/or consultancy activities are conducted, as well as on compliance with the plans defined for the containment of risks, on the compliance of the company's operations with external and internal reference regulations, as well as an assessment of the suitability of the internal control and risk management system to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Director in charge of the internal control and risk management system;
- presented to the Board of Directors, the Board of Statutory Auditors and the Control and Risks Committee the report relating to the controls carried out for the year 2016.
- since no events of particular importance have been detected, Application Criterion 7.C.5., lett. f);
- taking into account that the mandate given to the Internal Audit function dates back to May 2016, the Internal Audit Manager, during the month of July, presented to the Board of Directors, the Board of Statutory Auditors and the Control and Risks Committee the planned audit plan for the period 2016 - 2017. This plan provides for a specific check on the reliability of the information systems, including the accounting systems.

The Board of Directors awarded the overall annual *internal audit* manager remuneration amounting to Euro 62 thousand for the performance of their duties.

Since the date of approval of the Integrated Control Plan for the 2020 financial year by the Board of Directors, the Internal Audit has carried out the following audit activities:

- (i) review and assessment of the portfolio valuation process
- (ii) review and assessment of the first and second level controls present in the internal control system
- (iii) review and assessment of the risk management system
- (iv) review and assessment of the control systems, methodologies and techniques adopted by the RM Function for the continuous monitoring of the risks to which the Company is or could be exposed
- (v) review and assessment of the system of information flows to the Board of Directors and to the corporate control functions
- (vi) review and assessment of the adequacy of internal organizational procedures
- (vii) review and evaluation of criteria for assigning assignments to third parties and Independent Experts
- (viii) review and evaluation of the investment process
- (ix) review and evaluation of the operating regulations of the Board of directors and the ways in which the administrative body takes its decisions.

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As specified above, the task of the *internal audit* function was entrusted to the company Tema S.r.l. which indicated in Mr. Arturo Sanguinetti, in possession of the integrity requirements established by law, the head of the function. The company Tema S.r.l. is not a related party of the Issuer.

These functions have been outsourced for the following main reasons:

- (i) to achieve the best effectiveness and efficiency in production processes
- (ii) to have immediate recourse to highly skilled, experienced and professional professionals
- (iii) to take advantage of the *know-how* and experience gained by the Head of Internal Audit in similar sectors in which the Company operates and of the outsourcer's organisational structure
- (iv) complete guarantee of the independence requirement

(v) cost-effectiveness profiles

### **11.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001**

On 27 July 2016, the Company adopted the Organisation and Management Model pursuant to Legislative Decree 231 of 8 June 2001 (the "**Model 231**") and the Code of Ethics.

The purpose of the above-mentioned documents is to provide for an organic system of rules, based on the Company's organisational structure and on the procedures adopted by it, from a criminal-preventive perspective, in order to avoid incurring the administrative liability regime set out in Legislative Decree no. 231/2001.

In particular, the Model 231 consists of a General Section, containing a description of the activities carried out by the Company and the definition of the structure necessary for the implementation of the Model 231, such as the functioning of the Supervisory Board and the system of sanctions, and of several Special Sections, which contain for each macro-category of offences, considered to be potentially at risk, (i) the mapping of business processes, in which an offence provided for by Legislative Decree 231/2001 may be committed, and (ii) the provision of general and specific control protocols for preventive purposes.

In detail, the Special Sections are dedicated to the prevention of the following types of offence:

- OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION;
- CORPORATE OFFENCES;
- MARKET ABUSE OFFENCES;
- OFFENCES OF RECEIVING, LAUNDERING AND USING MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN; SELF-LAUNDERING;
- CULPABLE OFFENCES IN VIOLATION OF OCCUPATIONAL HEALTH AND SAFETY REGULATIONS;
- ENVIRONMENTAL OFFENCES;
- COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING;
- OFFENCES IN BREACH OF COPYRIGHT;
- OFFENCES OF INDUCING PEOPLE NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES.

The person responsible for supervising the operation of and compliance with Model 231 and for updating it is the Supervisory Board, which is composed of Marco Lori, as a member of the Board of Statutory Auditors, Mr. Arturo Sanguinetti, as Internal Auditor, and Professional Governance Overview S.r.l., represented by Mario Ippolito, as external member with professional expertise and experience in the field of the administrative liability of legal persons. This composition, resolved by the Board of Directors on September 29<sup>th</sup>, 2016, was considered to be more in line with the requirements of autonomy, independence, professionalism and continuity of action, required by the Confindustria Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree 231/2001, as well as the corporate, organisational and business reality of Coima Res. The presence within the SB of a member of the Board of Statutory Auditors ensures an adequate exchange of information between the various control bodies.

On September 29<sup>th</sup>, 2016, the Board assigns a fee to each member amounting to Euro 9,000 yearly plus VAT. On the same date, the Board assigned a budget to the Supervisory Body amounting to 20,000 yearly.

### **11.4 AUDIT FIRM**

The independent auditors, appointed to carry out the statutory audit of the Issuer's accounts, are EY S.p.A., with registered office in Rome, via Po n. 32, enrolled in the Register of Companies of Rome, registration number, tax code and VAT number 00434000584, enrolled in the special register of independent auditors kept by the Ministry of Economy and Finance pursuant to art. 161 of the TUF and enrolled in the Register of Independent Auditors under registration number 70945.

By resolution dated February 1<sup>st</sup>, 2016, the Issuer's shareholders' meeting resolved to appoint EY S.p.A. for the legal audit of the Issuer's separate and consolidated financial statements pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27<sup>th</sup>, 2010 for the financial years 2016-2024, of the interim half-yearly financial statements for the half-years included in that period, as well as to verify that the accounts are properly kept and that the management events are correctly recorded in the accounting records and that the report on operations is consistent with the separate and consolidated financial statements. The assignment conferred is compatible with the regulatory provisions on statutory auditing (pursuant to Legislative Decree no. 39 of January 27<sup>th</sup>, 2010 and implementing regulations, as well as Consob communications on the subject) applicable to Public Interest Entities, including companies that have applied for admission to listing.

## **11.5 MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS AND OTHER CORPORATE ROLES AND FUNCTIONS**

On 14 October 2015, the Issuer's Board of Directors approved, with the favourable opinion of the Board of Statutory Auditors, the appointment, as from the Trading Starting Date, of Fulvio Di Gilio as manager in charge of drawing up the corporate accounting documents pursuant to art. 154-bis of the Consolidated Law.

Article 27 of the By-laws states that “... *the Board of Directors - subject to the mandatory, but not binding, opinion of the Board of Statutory Auditors - appoints a manager responsible for preparing the company's financial reports and fulfilling the duties provided for by current laws and regulations, choosing him/her from among persons who have gained experience in accounting or administration for at least three years in a company with listed shares or - in any case - with a share capital of not less than one million euros.*”

At the time of appointment, the Board of Directors granted the manager responsible for preparing the Company's financial reports the powers and functions referred to in Article 154-bis et seq. of the TUF.

Mr. Di Gilio, in his capacity as CFO of the Company, received the powers (including spending powers) and proxies necessary to carry out his activities properly.

## **11.6 COORDINATION BETWEEN THE ACTORS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

Among the general principles of organisation of the Internal Control and Risk Management System, the Company gives particular importance to the adoption of an integrated risk management process.

These are considered as integration parameters, reported by way of example and not exhaustive:

- the diffusion of a common risk management language at all levels of the Company;
- the adoption of mutually consistent methods and tools for detection and assessment (e.g., a single taxonomy of processes and a single risk map);
- the definition of risk reporting models, in order to facilitate their understanding and correct assessment, also in an integrated logic;
- the identification of formalised moments of coordination for the planning of the respective activities;
- the forecasting of information flows on an ongoing basis between the various functions in relation to the results of the control activities pertaining to them;
- sharing in the identification of remedial actions;
- the integration parameters indicated above are adopted by the Company as described in the regulations and internal procedures, to which reference should be made, which describe the methods and tools for the detection and assessment of corporate risks, the reporting and coordination models, and the information flows between corporate functions.

The process of integrated risk management, starting from the analysis of the risks to which the company is exposed and passing through the assessment of the corresponding organizational and control measures, aims to assess the company's "vulnerability" to the risks themselves and to identify the areas for improvement and corrective action necessary to restore exposure to risks to the desired and tolerable levels.

An adequate inter-company communication model is a valid tool to guarantee maximum efficiency to the individual control mechanisms envisaged and set up by the Company. Within the scope of the Company's SCIGR, suitable information flows have therefore been defined to ensure the timeliness and effectiveness of the interventions connected to the correct management of company risks.

The persons involved in the internal control and risk management system, i.e. the Board of Directors, the director in charge of the internal control and risk management system, the Control and Risk Committee, also in the role of Committee for transactions between related parties, the head of the *internal audit* function, the head of the Compliance function, the supervisory body, the manager responsible for preparing the company's financial reports, the Board of Statutory Auditors and the *risk manager* - as also shown in the chapters and paragraphs dedicated to them - implement constant coordination based on:

- participation of the various bodies and functions in the meetings of the Board of Statutory Auditors;
- organisation of periodic meetings between the Control and Risk Committee, also in the role of Committee for transactions between related parties, the Board of Statutory Auditors, the head of the *internal audit* function, the head of the Compliance function and the manager in charge;
- *reporting*, comparison and exchange of information, including on the activities carried out by individuals, addressed to all other bodies and functions making up the internal control and risk management system.

The Company has also implemented internal procedures and regulations, including the Information Flow Procedure, the Regulations for the Financial Reporting Manager, the Internal Control and Risk Management System Regulations, the Risk Manager Procedure and the Internal Audit Procedure, designed to facilitate coordination between the various parties involved in the internal control and risk management system.

This coordination makes it possible to provide a complete picture of the system during board meetings and to promptly take any initiatives, changes and/or improvements to the system.

The circulation of information between and within the corporate bodies is, in fact, an essential condition for the effective achievement of the objectives of efficient management and effective controls.

The purpose of the above regulations is to regulate the flow of information, so as to:

- guarantee the transparency of the Company's management;
- ensure the conditions for effective and effective guidance and control of the Company's activities and the exercise of the same by the Board of Directors;
- to guarantee the control functions the coordination necessary to carry out their activities efficiently;
- to provide the Board of Statutory Auditors with the cognitive tools necessary for an efficient performance of its role.

## 12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On September 14<sup>th</sup>, 2015, the Issuer's Board of Directors resolved to submit to the Board of Directors in office after the Trading Start Date, the related party procedure drawn up pursuant to the regulation containing provisions on related party transactions adopted by Consob with resolution no. 17221 of March 12<sup>th</sup>, 2010, as subsequently amended and supplemented (the "**Related Parties Regulation**").

Taking into account the indications and guidelines set out in Consob Communication no. DEM/10078683 of September 24<sup>th</sup>, 2010 (the "**Communication**"), the Board of Directors, on May 13<sup>th</sup>, 2016, adopted the procedure for transactions with related parties (the "Related Parties Procedure") drawn up in accordance with the regulation containing provisions on related party transactions adopted by Consob with resolution no. 17221 of March 12<sup>th</sup>, 2010, as subsequently amended and supplemented (the "**Related Parties Regulation**").

The purpose of the Related Parties Procedure is to establish the rules with which the Company must comply in order to ensure the transparency and substantive and procedural fairness of transactions with related parties carried out directly or through any subsidiaries. The Board of Directors has identified the Control and Risk Committee, consisting of non-executive Directors, the majority of whom are independent, as the committee responsible under the Related Parties Procedure and has assigned to the Control and Risk Committee the role and powers that, pursuant to the Related Parties Regulation, are vested in committees made up, in whole or in majority, of independent directors.

The essential elements of the Related Parties Procedure are described below:

For the purposes of applying the Related Parties Procedure, the identification of related parties is carried out by the Company in accordance with the criteria set out in Annex 1 of the Related Parties Regulation.

The Company qualifies as a "small company" as well as a "recently listed company" pursuant to the Related Party Regulations. For this reason, the procedure identified for transactions of lesser importance is applied to transactions of greater importance, except for transactions that fall within the hypothesis of exclusion..

In particular, the Related Party Procedure provides that transactions with related parties are resolved by the competent body from time to time only after the release of a reasoned non-binding opinion by the Control and Risks Committee, concerning the interest of the Company. upon completion of the transaction, as well as the convenience and substantial correctness of the conditions of the transaction.

Without prejudice to the mandatory provisions of the Related Parties Regulation, the following transactions are excluded from the application of the procedural and transparency rules established by the Related Parties Regulation and the provisions of the Related Parties Procedure relating to transactions of greater and lesser importance, even when they are transactions with related parties carried out through subsidiaries:

- a) transactions of small amounts (i.e. transactions not exceeding to Euro 200,000.00 for each transaction);
- b) shareholders' meeting resolutions relating to the remuneration of the members of the Board of Directors and the Executive Committee pursuant to Article 2389, paragraph 1, of the Italian Civil Code, the members of the Board of Statutory Auditors, as well as resolutions on the remuneration of Directors holding special offices within the total amount previously determined by the shareholders' meeting pursuant to Article 2389, paragraph 3, of the Italian Civil Code.;
- c) resolutions, other than those indicated in letter b) above, concerning the remuneration of Directors holding special offices and other executives with strategic responsibilities, provided that the conditions set out in the Related Parties Regulation are met;
- d) compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-bis of the TUF and related executive transactions;
- e) transactions with or between subsidiaries, including jointly or jointly controlled companies, as well as transactions with associated companies, provided that there are no significant interests of other related parties of the Company in the subsidiaries or associated companies that are counterparties to the transaction;
- f) ordinary transactions that are concluded on terms equivalent to market or standard terms.

The full text of the Related Parties Procedure is available for consultation on the Issuer's website ([www.coimares.com](http://www.coimares.com)) in the *Investor Relator* section [www.coimares.com/pdf/COIMA%20RES%20-%20%20Procedura%20operazioni%20con%20le%20parti%20correlate.pdf](http://www.coimares.com/pdf/COIMA%20RES%20-%20%20Procedura%20operazioni%20con%20le%20parti%20correlate.pdf).

If the Issuer's Board of Directors detects the loss by the Company of the qualification of a "smaller company", the same will promptly amend the aforementioned Related Party Procedure and implement a specific procedure for transactions of greater importance pursuant to the provisions of the Related Parties Regulation.

*Policy for managing potential conflicts of interest*

On September 14<sup>th</sup>, 2015, the Issuer's Board of Directors approved the policy for the management of potential conflicts of interest, i.e. the "Manual of the SGR's organisational procedures", which provides in particular for specific safeguards to prevent potential situations of conflict of interest between the Company and the SGR with reference to the activities entrusted to the latter in the Asset Management Agreement. The SGR's Manual of Organisational Procedures is attached to the Asset Management Agreement as it regulates the procedure to be followed by the parties in managing mutual relations when assessing the opportunities offered by the SGR.



### **13. APPOINTMENT OF BOARD OF STATUTORY AUDITORS**

Pursuant to Article 29 of the Articles of Association, the Board of Statutory Auditors is composed of three standing members and three alternate members. The minority shareholders are entitled to elect one standing auditor, who will take the position of Chairman of the Board of Statutory Auditors, and one alternate auditor.

*“...All auditors must be registered in the register of auditors, must possess all the additional requirements required by current legislation and regulations and must have exercised the activity of legal auditing of accounts for a period of not less than three years.*

*Statutory Auditors remain in office for three years and may be re-elected. The Shareholders' Meeting appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors in compliance with the regulations in force at the time concerning gender balance and determines their remuneration.*

*The Board of Statutory Auditors is appointed on the basis of lists deposited at the Company's registered office, under penalty of forfeiture of office within the terms set out in the regulations in force from time to time, in which the candidates are listed by a progressive number. The list is made up of two sections: one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor.*

*In order to comply with current legislation on gender balance, lists which, considering both sections, have a number of candidates equal to or greater than three must be composed of candidates belonging to both genders in the first two places in both the section relating to standing auditors and the section relating to alternate auditors.*

*Only those shareholders who, alone or together with others, hold shares with voting rights representing a percentage not less than the percentage provided for by current regulations for the submission of lists of candidates for the election of the Board of Directors of the Company are entitled to submit lists.*

*This shareholding must result from specific certifications that must be produced, if not available on the day on which the lists are deposited, within the deadline set by current regulations for the publication of lists by the Company. All of this is mentioned in the notice of call.*

*Each shareholder, as well as shareholders belonging to the same group or adhering to a shareholders' agreement concerning shares of the Company, may not submit or vote for more than one list, not even through a third party or trust company. Each candidate may appear on only one list under penalty of ineligibility.*

*Candidates may be included in the lists if they comply with the limits on the number of appointments established by the applicable regulations and if they meet the requirements of integrity, professionalism and independence established by the regulations and by this article. Outgoing Statutory Auditors may be re-elected...[omissis]”.*

#### **14. COMPOSITION AND OPERATION OF THE BOARD OF AUDITORS (ex art. 123-bis, paragraph 2, letters d) and d-bis), TUF)**

The Board of Statutory Auditors in office is composed of 3 effective members and 2 alternate members, appointed at the time of incorporation of the Company on June 8<sup>th</sup>, 2015 as amended by the shareholders' meeting of September 14<sup>th</sup>, 2015, and will remain in office until the approval of the financial statements. year ended on December 31<sup>st</sup>, 2017. The members of the Board of Statutory Auditors are shown in **Table 3** in the appendix to the Report.

The Shareholders' Agreement provides that the Company's Board of Statutory Auditors is made up of three standing members and three alternate members. In consideration of this provision and the related provision of the Articles of Association (Article 29 of the Articles of Association), the Company asked the Shareholders, convened for March 17<sup>th</sup>, 2017 in single call, to express their opinion on the integration of the supervisory body by appointing a third alternate auditor.

In this regard, please note that art. 29 of the Articles of Association provides for an exemption from the mechanism for the election of statutory auditors by list voting in the case of Shareholders' Meetings that must provide for the appointment of standing and / or alternate auditors necessary for the integration of the board of statutory auditors; in such cases, in fact, the Assembly resolves by majority law, in compliance with the principle of necessary representation of minorities. For more information on this, please refer to the Report on the items on the agenda of the Shareholders' Meeting called for March 17<sup>th</sup>, 2017 in single call, available on the Company's website at: [www.coimares.com/IT/governance/assemblee-degli-azionisti.php](http://www.coimares.com/IT/governance/assemblee-degli-azionisti.php).

The composition and structure of the current Board of Statutory Auditors of COIMA RES are shown in **Table 3** as an appendix to the Report.

I The members of the Board of Statutory Auditors are domiciled for the office at the Company's registered office.

All members of the Board of Statutory Auditors meet the independence requirement pursuant to art. 148, paragraph 3 of the TUF; in particular, the Statutory Auditors are not bound to the Issuer by self-employed or subordinate employment relationships or other relationships of a financial or professional nature.

Moreover, as of the Date of the Report, no member of the Board of Statutory Auditors exceeds the limits on the number of offices held pursuant to Article 144-terdecies of the Issuers' Regulations.

Below is a brief *curriculum vitae* of the members of the Board of Statutory Auditors, from which the competence and experience acquired in corporate management matters are shown.

**Massimo Laconca**, born on October 23<sup>rd</sup>, 1963 in Milan. He graduated in Economics and Business Administration from the Luigi Bocconi University in Milan. He is registered with the Milan Chamber of Certified Public Accountants and the Register of Auditors. He carries out his professional activity at his own firm in Milan, where he advises national companies and subsidiaries of multinational companies in tax, corporate, contractual and administrative matters. He is an auditor and statutory auditor of industrial, real estate, financial and service companies, charitable companies and has experience as member of the supervisory body of companies, including listed companies. He also serves as a director and liquidator in corporations. He is also tax representative in Italy of foreign banks and financial institutions as well as defender before the Tax Commissions and CTP consultant in judicial proceedings and consultant in judicial inspections.

**Milena Livio**, born on July 20<sup>th</sup>, 1971 in Locate di Triulzi. She graduated in economics and commerce at the University of Pavia. She is registered in the Register of Accountants and Bookkeepers of Milan and in the Register of Auditors. Since 2003 she has been a founding partner of the Bernardi & Associati firm in Milan. She deals with financial reporting, extraordinary corporate transactions (mergers, demergers, contributions, restructuring), business valuations, tax consulting and planning, tax litigation. He has gained significant experience in the field of corporate law (governance and financial reporting) and, in particular, organizational, administrative and financial consulting for the preparation of corporate financial statements, management control, interim and forecasting reporting, business valuations, corporate organization. It specializes in corporate management and organization, statutory audit, tax planning and tax litigation, with particular reference to indirect taxes, VAT.

**Marco Lori**, born on August 31<sup>st</sup>, 1956 in Cerchio (AQ). He graduated in business economics with a focus on corporate finance from the Università Commerciale Luigi Bocconi in Milan. He carries out his professional activity at Studio Lori e Associati, providing assistance in corporate finance. He has held numerous positions in industrial and financial companies, also listed on regulated markets, as director or member of the Board of Statutory Auditors.

**Maria Stella Brena**, born in Legnano, March 31<sup>st</sup>, 1962. She graduated in economics and commerce at the Università Commerciale Luigi Bocconi in Milan. She is registered with the Order of Chartered Accountants of Milan and the Register of Auditors. She carries out her professional activity at her own firm in Milan, where she provides tax, tax and corporate consulting services to commercial, production and service companies, with reference to both ordinary and extraordinary management. She is a statutory auditor and auditor of companies in the manufacturing, services and commercial and non-commercial sectors.

**Emilio Aguzzi De Villeneuve**, born in Milan on August 1<sup>st</sup>, 1938. He graduated in economics from the Università Commerciale Luigi Bocconi in Milan. He is a member of the Milan Chamber of Accountants and practises as a freelance professional providing advice on financial statements and auditing, application of tax regulations, management control and contractual matters. He has held and continues to hold the position of Chairman of the Board of Statutory Auditors and Standing Auditor in corporations operating in various production sectors, and in particular in banking and financial companies. He was a member of the board of statutory auditors of listed companies and is currently a member of the Supervisory Body of a trust company. He has gained significant experience in the field of business management, holding the position of sole director of a company of the Efim group in compulsory administrative liquidation for over two years..

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During the year, the Board of Statutory Auditors met 6 times, for an average duration of each meeting of about 4 hours. The percentage of attendance at these meetings by the members of the Board of Statutory Auditors was as follows: Massimo Laconca 100%, Milena Livio 100% and Marco Lori 83,33%.

The Board of Statutory Auditors attended all the meetings of the Board of Directors, the Control and Risks Committee and the Remuneration Committee.

During 2017 and up to the Date of the Report, the Board of Statutory Auditors met twice and scheduled no. 6 meetings for the current year.

No statutory auditor has ceased to hold the office of statutory auditor during the year.

There have been no changes in the composition of the Board of Statutory Auditors since the end of the financial year.

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The Board of Statutory Auditors verified the independence of its members on the first useful opportunity after their appointment at the time of listing of the Company's shares and, subsequently, in the meeting held on February 8<sup>th</sup>, 2017, it successfully verified the continuation of the independence requirements to its members. The Company communicated this verification to the Market with a press release published on February 9<sup>th</sup>, 2017. In carrying out the above assessments, it applied all the criteria provided for by the Code with reference to the directors, also by filling in a form for this purpose. prepared.

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The Chairman of the Board of Directors has organized initiatives aimed at providing the Statutory Auditors with adequate information on the reference legislative and regulatory framework also in anticipation of the entry into force of the MAR. During each meeting of the Board of Directors, the executive directors, the risk manager of the Company, where his intervention is envisaged, and the managers of the Company are invited by the Chairman of the Board of Directors to provide exhaustive information relating to the sector of activity in which the Issuer operates, company dynamics and their evolution, also through the presentation of the reports provided by the Company's Investment Committee. Furthermore, the Company is active in participating in roadshows, including international ones, during which the prospects of the Italian real estate market are illustrated, the material of which is made available to the members of the Company's administrative and control bodies, as well as of the public, and organizes monthly telephone conferences concerning updates

relating to the trend of the Italian *real estate* market, to which the members of the administrative body and the control body of the Company are invited.

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Pursuant to the Related Parties Procedure, in application of Criterion 8.C.4 of the Code, the standing members of the Board of Statutory Auditors are included among the related parties and, as such, have undertaken to promptly inform the Issuer of possible transactions with related parties, as well as to provide the Company with data and information suitable for allowing the timely identification of all related parties, updating the information previously provided from time to time and within a suitable period. This information was most recently updated on the closing date of the financial year.

In carrying out its activities, the Board of Statutory Auditors has adequately coordinated its activities with the Control and Risk Committee, also in its function as Committee for Transactions with Related Parties, with the manager responsible for preparing the company's financial reports, with the *internal audit* function, with the Compliance function, with the Supervisory Body and with the Independent Auditors. This was done by means of an exchange of information with specific meetings with the aforementioned bodies and also by virtue of the Board of Statutory Auditors' assiduous participation in the meetings of the Control and Risk Committee.

## 15. RELATIONSHIP WITH SHAREHOLDERS

The Issuer has set up a specific "*Investor Relations*" section and a specific "*Governance*" section on its website [www.coimares.com](http://www.coimares.com), which are easily identifiable and accessible, in which information concerning the Issuer that is relevant to Shareholders is made available, in order to allow them to exercise their rights in an informed manner and, where required by the applicable regulations, on the authorised storage mechanism so-called NIS-Storage at the address: [www.emarketstorage.com](http://www.emarketstorage.com).

In particular, on this website, all press releases released to the market and the Issuer's periodic accounting documentation can be consulted.

In addition, the main documents concerning corporate *governance*, the Organizational Model pursuant to Legislative Decree No. 231/2001, a description of which is provided in paragraph 11.3 above, and the Code of Ethics, which can be consulted on the Company's website in the *Governance* section at the address: [www.coimares.com/IT/governance/sistema-di-governance/codice-etico.php](http://www.coimares.com/IT/governance/sistema-di-governance/codice-etico.php).

Pursuant to Article 9 of the Corporate Governance Code, the Company has appointed the person responsible for relations with shareholders (the "**Investor Relator**") in the person of Fulvio Di Gilio. The "*Investor Relations Contacts*" section of the website [www.coimares.com](http://www.coimares.com) indicates the contacts of the Investor Relator.

The Company has set up a corporate structure responsible for managing relations with shareholders, whose functions are partially performed by COIMA SGR S.p.A. on the basis of the *Asset Management Agreement*.

The Board will evaluate the implementation of any further initiatives to make access to information concerning the Issuer timelier and easier for its Shareholders.

## **16. SHAREHOLDERS' MEETINGS (ex art. 123-bis, paragraph 2, letter c), TUF)**

The main provisions of the Articles of Association governing the Issuer's ordinary and extraordinary shareholders' meetings are set out below.

### Calls

Pursuant to Article 11 of the Articles of Association, the General Meeting of Shareholders, duly constituted, represents the universality of the shareholders and its resolutions, taken in accordance with the law and the Articles of Association, are binding on all shareholders.

The shareholders' meeting is ordinary and extraordinary in accordance with the law.

The ordinary shareholders' meeting must be called at least once a year, within one hundred and twenty days of the end of the financial year, or within one hundred and eighty days if the company is required to prepare consolidated financial statements or when special requirements relating to the structure and purpose of the company so require.

Article 12 of the Articles of Association states that *“Without prejudice to the powers to call meetings provided for by specific provisions of law, the Shareholders' Meeting must be called by the directors by means of a notice containing the date, time and place of the meeting and the matters to be discussed, as well as the additional information required under the laws - including regulations - in force from time to time.*

*The notice must be published on the Company's website and in the other ways and within the terms established by the laws and regulations in force from time to time.*

*The Ordinary and Extraordinary Shareholders' Meetings shall be held in a single call. In any case, the Board of Directors may also convene the Shareholders' Meeting on second and third call in accordance with the regulations in force, indicating in the notice of call the day, time and place of the meeting.*

*The Shareholders' Meeting may also be called in a place other than the registered office.”*

In order to make it less difficult and costly for shareholders to attend the shareholders' meeting and exercise their voting rights, the Articles of Association provide, in art. 12 that *“...The Ordinary and Extraordinary Shareholders' Meetings may be held with those present in more than one place, either adjacent or distant, connected by audio-conferencing and/or videoconferencing, provided that all participants can be identified and are allowed to follow the discussion, to participate in real time in the discussion of the matters discussed, to receive and transmit documents and to take part in the vote and that all the above is acknowledged in the relative minutes. In this case, except in the case of Shareholders' Meetings constituted in accordance with Article 2366, paragraph 4, of the Italian Civil Code, the notice of call will indicate the places connected by means of audio-conferencing and/or videoconferencing by the Company, to which shareholders and/or members of the Board of Directors and/or the Board of Statutory Auditors may flow. If these conditions are met, the Shareholders' Meeting is considered to be held in the place where the Chairman and the person taking the minutes are located.*

*In any case, the Shareholders' Meeting is deemed to be duly constituted if the entire share capital is represented and the majority of the Directors and standing members of the Board of Statutory Auditors in office attend the Shareholders' Meeting, pursuant to Article 2366 of the Italian Civil Code.”*

### Right of intervention and representation

Pursuant to Article 13 of the Articles of Association, the right to participate and representation at the Shareholders' Meeting are governed by the laws and regulations in force from time to time.

The Shareholders' Meeting may be attended by any person who has the right to vote and for whom the Company has received - in compliance with the laws and regulations in force - the communication made by the authorised intermediary in accordance with the law. It is the responsibility of the Chairman of the Shareholders' Meeting, who may avail himself of special appointees, to ascertain the right to attend the Shareholders' Meeting and resolve any disputes.

Pursuant to art. 14 of the Articles of Association, the rules - including regulations - in force from time to time apply to representation at the Shareholders' Meeting.

The proxy may be notified to the Company by certified electronic mail in compliance with the applicable provisions in force from time to time.

The Company does not avail itself of the right to designate the representative to whom the legitimate parties may grant a proxy with voting instructions.

#### Functioning of the Shareholders' meeting

Pursuant to Article 15 of the Articles of Association, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence or impediment, by the Deputy Chairman if appointed. If there are several Deputy Chairmen, the oldest Deputy Chairman has precedence.

In the event of the absence or impediment of the aforementioned persons, the Shareholders' Meeting elects its Chairman from among the Directors or, if absent, outside them.

Pursuant to art. 17 of the Articles of Association, the Shareholders' Meeting appoints a secretary, who may or may not be a shareholder. In the cases provided for by law, and in any case when the Chairman of the Shareholders' Meeting deems it necessary, the minutes are drawn up by a Notary Public.

The resolutions of the Shareholders' Meeting shall be recorded in minutes signed by the Chairman and the Secretary. The minutes signed in this way are fully evidence in front of the shareholders, even if they are not present or dissenting.

Article 16 of the Articles of Association establishes that for the validity of the constitution and resolution of the Shareholders' Meeting, both ordinary and extraordinary, the provisions of the law in force from time to time shall apply. The election of the members of the Board of Directors and the Board of Statutory Auditors will take place in accordance with the procedures set forth in the above-mentioned By-laws.

#### Powers

In addition to what is described above, art. 6 of the By-laws provides that “...*The Extraordinary Shareholders' Meeting may delegate the Board of Directors to increase the share capital on one or more occasions, also excluding pre-emption rights, in compliance with applicable regulations.*

*In the event of a paid increase in share capital also for the issue of convertible bonds, pre-emption rights may be excluded by resolution of the Shareholders' Meeting or by the Board of Directors, if delegated to do so, all within the limits, in the manner and in compliance with the applicable provisions of law.”*

Article 7 of the Articles of Association provides that the Extraordinary Shareholders' Meeting may resolve to reduce the share capital, in compliance with the provisions of Articles 2327, 2413, 2445, 2446 and 2447 of the Italian Civil Code, also by assigning to individual shareholders, or groups of shareholders, certain corporate activities.

Article 10 of the Articles of Association provides that the Extraordinary Shareholders' Meeting may delegate the Board of Directors to resolve, on one or more occasions, to issue bonds convertible into shares, in compliance with the applicable regulations.

Finally, art. 33 of the Articles of Association provides that the Shareholders' Meeting that approves the financial statements in accordance with the law resolves on the distribution of profits.

The distribution of profits takes place within the limits of the provisions of Article 1, paragraph 123 of Law no. 296 of 27 December 2006, from the date of the beginning of the application of the special regime for listed real estate investment companies (SIIQ) and under the resolutive condition of the definitive termination of the said regime in the cases provided for by Article 1, paragraphs 119 et seq. of Law no. 296 of 27 December 2006, as amended by Article 20 of Law no. 164/2014, or in the various cases established by the regulations applicable to SIIQs from time to time.

The Board of Directors may, during the year, distribute interim dividends to shareholders.

Dividends not collected within five years of the day on which they become payable shall be forfeited to the Company and directly allocated to reserves.

#### Right of withdrawal

Pursuant to Article 34 of the By-laws, the right of withdrawal is governed by law, it being understood that shareholders who have not contributed to the approval of resolutions concerning the same are not entitled to withdraw:

- (i) the extension of the duration of the company;
- (ii) the introduction, modification or removal of restrictions on the circulation of shares.

The terms and procedures for exercising the right of withdrawal, the criteria for determining the value of the shares and the related liquidation procedure are governed by law.

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At present, the Company does not see the need to propose the adoption of specific regulations to govern the proceedings of the Shareholders' Meetings, also considering it appropriate that, in principle, shareholders should be guaranteed maximum participation and expression in the debate at the Shareholders' Meeting.

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During the year, the Shareholders' Meeting met twice on February 1<sup>st</sup>, 2016 and on April 1<sup>st</sup>, 2016, prior to the date of admission to trading of the Company on the MTA. All the Directors in office at that date and all the members of the Board of Statutory Auditors took part in the aforementioned Shareholders' Meeting of February 1<sup>st</sup>, 2016; the Directors Manfredi Catella and Matteo Ravà and all the members of the Board of Statutory Auditors attended the aforementioned Shareholders' Meeting of April 1<sup>st</sup>, 2016.

In consideration of the fact that, on the dates of February 1<sup>st</sup>, 2016 and April 1<sup>st</sup>, 2016, the Company was not yet admitted to trading on the MTA, it is not possible to give complete evidence of what is indicated in the Comment on art. 9 of the Code.

On the occasion of the meeting of the Shareholders' Meeting of February 1<sup>st</sup>, 2016, the Board reported to the Shareholders' Meeting on the activities carried out and planned and took steps to ensure that shareholders were adequately informed about the elements necessary for them to be able to assume, with full knowledge of the facts, decisions pertaining to the shareholders' meeting.

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As regards the rights of Shareholders not illustrated in this Report, reference is made to the laws and regulations applicable *pro tempore*.

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Since there have been no significant changes in the market capitalization of the Issuer's shares or in the composition of its shareholding structure, the Company's Board of Directors has not evaluated the advisability of proposing to the shareholders' meeting amendments to the Articles of Association regarding the percentages established for the exercise of the actions and prerogatives set for the protection of minorities. However, please note that, as indicated in the previous Paragraph 4.1 of the Report, art. 18 of the Articles of Association, only the shareholders who, alone or together with others, hold shares with voting rights representing a percentage no less than that provided for the Company by the regulations in force, have the right to submit lists.

With Resolution no. 19856 of January 25<sup>th</sup>, 2017, Consob established, pursuant to art. 144-querter of the Issuers' Regulation, the percentage for the presentation of lists is 4.5% of the Company's share capital.

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As a Shareholders' Meeting of the Company has not yet been called from the Trading Start Date, the chairman of the Remuneration Committee has not reported to the shareholders on how to exercise the functions of the



Remuneration Committee. The chairman of the Remuneration Committee will report to the shareholders on the procedures for exercising the functions of the Remuneration Committee in the first useful Shareholders' Meeting, called for March 17<sup>th</sup>, 2017.

## **17. FURTHER COMPANY GOVERNMENT PRACTICES (ex art. 123-bis, paragraph 2, letter a), TUF)**

In addition to what is specified below, the Issuer does not adopt corporate governance practices other than those provided for by the laws or regulations in force and described in this Report.

### Investment Committee

On October 14<sup>th</sup>, 2015, the Issuer's Board of Directors resolved to establish, effective from the Trading Starting Date, an Investment Committee, made up of at least three Directors, two of which are independent; the risk manager supports the Investment Committee with technical support functions.

On the same date the Board of Directors, as regards the directors who are members of the first Committee, has resolved to appoint Manfredi Catella, Gabriele Bonfiglioli, Matteo Ravà, Feras Abdulaziz Al-Naama and Michel Vauclair.

The Investment Committee is an advisory body, with functions to support the investment and divestment decisions of the Company's Board of Directors.

In fact, the Investment Committee carries out planning and execution of real estate management and investment decisions by defining the proposals relating to the following matters as a result of an investigation process. In particular:

- it examines any investment or divestment that the Company intends to promote for itself or for the Vehicles it manages;
- examines the opportunities in the pipeline and approves the expense budgets for the *due diligence* phase;
- monitors the progress of the analyses undertaken on the opportunities under consideration (pipeline) and assesses whether to proceed with the submission of non-binding offers;
- evaluates in advance, for subsequent resolution of the Board of Directors, the following operations:
  - new financing contracts or amendments to existing financing contracts;
  - derivatives to hedge the interest rate risk on loans or assets and other liabilities held by the Company;
- assesses lease contracts covering areas of more than 4,000 sqm of commercial areas or more than 25% of the NRA (net leasable area) of a single building.

It also provides for the possibility of having both Company employees and third parties belonging to the SGR, all of whom are highly specialised in financial and real estate matters, attend meetings on specific issues.

In the event of a positive outcome, the investment or divestment proposal, supported by the technical and financial documentation collected and/or prepared during the preliminary phase, is submitted to the Board of Directors for evaluation and resolutions. In the event of a favourable resolution by the Board of Directors, the transaction is carried out.

If the investment or disinvestment transaction falls within the limits of the powers granted to the Chief Executive Officer, it may be carried out directly following the assessment procedure carried out by the Investment Committee.

## **18. CHANGES SINCE THE END OF THE REPORTING PERIOD**

There have been no changes in the *corporate governance* structure since the end of the Financial Year, other than those specifically highlighted in this Report.

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>CAPITAL STRUCTURE</b>				
	Number of shares	% With respect to SC	Listed (indicate the markets) / unlisted	Rights and obligations
Ordinary shares	36,007,000	100%	Borsa Italiana - MTA	In accordance with the Law and Statute
Multiple voting shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS</b> <b>(Granting the right to subscribe newly issued shares)</b>				
	Listed (indicate the markets) / unlisted	No. of instruments in circulation	Class of shares subject to conversion / exercise service	No. of shares for conversion / exercise
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

<b>SIGNIFICANT HOLDINGS</b>			
Declarer	Shareholder direct	% Of ordinary capital	% Of voting capital
QATAR INVESTMENT AUTHORITY	QATAR HOLDING LLC	40,131%	40,131%

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													Control and Risk Committee		Remun Committee .		Nomination Committee		Eventual Executive Committee	
Charge	Components	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other positions* **	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
<b>Chairman</b>	Caio Massimo Capuano	1954	October 14, 2015	May 13, 2016	31/12/2017	-		X			4	11/11	-	-	3/3	M	-	-	-	-
<b>CEO</b>	Manfredi Catella	1968	June 8, 2015	June 8, 2015	31/12/2017	-	X				3	16/16	-	-	-	-	-	-	-	-
<b>Director</b>	Gabriele Bonfiglioli	1978	June 8, 2015	June 8, 2015	31/12/2017	-	X				1	16/16	-	-	-	-	-	-	-	-
<b>Director</b>	Matteo Ravà	1974	June 8, 2015	June 8, 2015	31/12/2017	-	X				5	16/16	-	-	-	-	-	-	-	-
<b>Deputy Chairman</b>	Feras Abdulaziz Al-Naama	1991	October 14, 2015	May 13, 2016	31/12/2017	-		X	X	X	-	11/11	-	-	-	-	-	-	-	-
<b>Director</b>	Alessandra Stabilini	1970	October 14, 2015	May 13, 2016	31/12/2017	-		X	X	X	9	10/11	4/4	M	3/3	M	-	-	-	-
<b>Director</b>	Agostino Ardisson	1946	October 14, 2015	May 13, 2016	31/12/2017	-		X	X	X	1	11/11	4/4	P	-	-	-	-	-	-
<b>Director</b>	Laura Zanetti	1970	October 14, 2015	May 13, 2016	31/12/2017	-		X	X	X	2	11/11	4/4	M	3/3	P	-	-	-	-
<b>Director</b>	Michel Vauclair	1947	October 14, 2015	May 13, 2016	31/12/2017	-		X	X	X	12	9/11	-	-	-	-	-	-	-	-
<b>----- DIRECTORS WHO LEFT DURING THE YEAR-----</b>																				
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Number of meetings held during the financial year: 16</b>						Control and Risk Committee: 4				Rem. Committee.: 3		App. Committee: -			Inv Committee: -					
<b>Quorum required for the presentation of lists by minority shareholders for the election of one or more members (as per art. 147-ter TUF): 4,5%</b>																				

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**NOTE**

The services listed below symbols must be entered in the "Load" column":

- This symbol indicates the director in charge of internal control and risk management.

- ◇ This symbol indicates the principal officer of the issuer's management (Chief Executive Officer or CEO).

- This symbol indicates the Lead Independent Director (LID).

- \* To the date of first appointment of each director means the date on which the director has been appointed for the first time (ever) in the issuer's Board of Directors.

- \*\* In this column is indicated the list from which it was derived each director ("M": the majority list; "m": the minority list; "Board": the list presented by the Board).

This column shows the number of director or auditor held by the person in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies. The report on corporate governance the positions are indicated in full.

(\*). This column indicates the attendance of directors at meetings of the Board and Committees (indicate the number of meetings attended compared to the total number of meetings which he could participate, eg 6/8, 8/8 etc.). It should be noted that the number of meetings is considered on the basis of the start date of the mandate.

(\*\*). This column shows the status of adviser within the Committee: "P": President; "M": member.

**TABLE 3: STRUCTURE OF THE BOARD OF AUDITORS**

<b>Board of Auditors</b>									
<i>Charge</i>	<b>Components</b>	<b>Year of birth</b>	<b>Date of first appointment *</b>	<b>In office since</b>	<b>In office until</b>	<b>List **</b>	<b>Indep. Code</b>	<b>Participation at Board meetings***</b>	<b>No. other positions ****</b>
<b>Chairman</b>	Massimo Laconca	1963	June 8, 2015	June 8, 2015	31/12/2017	-	X	6/6	-
<b>Statutory Auditor in charge</b>	Milena Livio	1971	June 8, 2015	September 14, 2015	31/12/2017	-	X	6/6	-
<b>Statutory Auditor in charge</b>	Marco Lori	1956	June 8, 2015	June 8, 2015	31/12/2017	-	X	5/6	-
<b>Alternate auditor</b>	Emilio Aguzzi de Villeneuve	1938	June 8, 2015	September 14, 2015	31/12/2017	-	X	-	-
<b>Alternate auditor</b>	Maria Stella Brena	1962	September 14, 2015	September 14, 2015	31/12/2017	-	X	-	-
<b>----- AUDITORS WHO LEFT DURING THE YEAR-----</b>									
	N/A	-	-	-	-	-	-	-	-
<b>Number of meetings held during the financial year: 6</b>									
<b>Quorum required for the presentation of lists by minority shareholders for the election of one or more members (art. 148 TUF): 4,5%</b>									

**NOTE**

\* To the date of first appointment of each Auditor means the date on which the auditor was appointed for the first time (ever) in the issuer's auditors.

\*\* In this column it is indicated the list from which it was derived each auditor ("M": the majority list; "m": the minority list).

\*\*\* This column indicates the involvement of auditors in the meetings of the supervisory board (indicate the number of meetings attended compared to the total number of meetings which he could participate, eg 6/8, 8/8 etc.).

\*\*\*\* This column shows the number of director or auditor held by the person in accordance with art. 148-bis of the Consolidated Finance Act and its implementing provisions of the Consob Issuer Regulations. The complete list of offices is published by Consob on its website in accordance with art. 144 quinquiesdecies of the Consob Issuer Regulations.

## Attachment 1

**Essential information of the shareholders' agreement pursuant to art. 122 of Legislative Decree. 24.2.1998, n. 58, as subsequently amended and supplemented, ("CFA") and Articles. 120 and 130 of the Consob Regulation n. 11971/1999 of 14 May 1999, as subsequently amended and supplemented (the "Issuers Regulation").**

### COIMA RES S.P.A. SIIQ

#### Premise

Under Article. 122 of the TUF and articles. 120 and 130 of the Issuer Regulation is hereby given that on December 1, 2015 the Company signed a shareholder agreement (the "**Shareholders' Agreement**") relating to the governance and ownership structure of COIMA RES SpA SIIQ between Manfredi Catella; COIMA Srl; COIMA SGR SpA and Qatar Holding LLC, (collectively, the "**Subjects Adherents**"). The Shareholder Agreement to no. 14,707,000 shares COIMA RES SpA SIIQ, constituting 40.84% of the total issued share of the Company's share capital with voting rights.

Below it is played, in summary, the contents of the agreements contained in the shareholders' agreement, relevant pursuant to and for the effects of Article 122 of the Consolidated Law, become productive after effects from the listing of the ordinary shares of the Company on the Electronic stock Exchange organized and managed by the Italian stock Exchange, with effect from 13 May 2016.

#### **1. Companies whose shares are the subject of the Shareholders' Agreement**

The Shareholders' Agreement relates to ordinary shares COIMA RES SIIQ SpA, headquartered in Milan, Piazza Gae Aulenti n. 12, tax code and registration number with the Milan Register of Companies 09126500967, REA 2070334, with registered capital subscribed and paid amounting to € 14,450,800, divided into no. 36,007,000 ordinary shares of no par value ("**COIMA RES**" or the "**Company**"). Each share gives right to its holder to one vote.

#### **2. Subjects and participating shares transferred to the Shareholders' Agreement**

2.1 The provisions contained in the Shareholders' Agreement are binding on the following subjects:

- Manfredi Catella, born in Livorno on August 18, 1968, residing in Milan, Viale Majno n. 8, C.F. CTLMFR68M18E625J;
- COIMA S.r.l., headquartered in Milano, Via Fatebenefratelli n. 9, C.F. Tax Code and registration in the Register of Companies of Milan n. 00612730168, VAT 11814270150, ("**COIMA**" a company in which it holds directly Manfredi Catella that 2% of the share capital and other members of his family, taken together hold 52% of the share capital, the remaining of the share capital is held by Domo Media SpA, based in Milan, via Fatebenefratelli n. 9 Tax Code and registration in the Register of Companies of Milan n. 1333059;
- COIMA SGR S.p.A., with registered office in, Via della Moscova n. 18, C.F., VAT registration number with the Milan Company Register n. 05688240968 ("**COIMA SGR**" or "**SGR**"), a subsidiary of Manfredi Catella, which holds 92% of the share capital; and
- Qatar Holding LLC, based in Doha, Qatar, Q-Tel Tower, PO Box 23224, authorized by the QFC Authority with license no. 00004, wholly owned by the Qatar Investment Authority, the sovereign fund of the State of Qatar.

2.2 They form the subject of the Shareholders no. 14.707.000 ordinary shares of COIMA RES together accounting for 40,84% of the shares representing the entire share capital as shown in the table below.

2.3 I Adhering Subjects are listed - together with the requirements of the legal and regulatory provisions - in the following table:

Subject Adherent	Shares conferred to the Shareholders' Agreement	Number of voting rights relating to shares contributed to the Shareholders' Agreement	% Of share capital with voting rights	No more voting rights relating to shares not transferred to the Shareholders' Agreement	% Of share capital of EUR14.450.800 divided into no. 36.007.000 shares	% Of total shares subject to the Shareholder Pact
Manfredi Catella	5,000	5,000	0.01	-	0.01	0.03
COIMA S.r.l.	27,000	27,000	0.07	-	0.07	0.19
COIMA SGR <sup>(1)</sup>	225,000	225,000	0.63	-	0.63	1.53
Qatar Holding LLC	14,450,000	14,450,000	40.13	-	40.13	98.25
<b>TOTAL</b>	<b>14,707,000</b>	<b>14,707,000</b>	<b>40.84</b>	<b>-</b>	<b>40.84</b>	<b>100</b>

<sup>(1)</sup> At the start date of trading (i.e., May 13<sup>th</sup>, 2016) COIMA SGR S.p.A., as part of its management activity - and, therefore, not on its own - also held no. 1,000,000 shares of COIMA RES S.p.A. SIIQ constituting a total of approximately 2.78% of the shares representing the entire share capital of the Company with voting rights; these shares are therefore not conferred in the Shareholders' Agreement.

The COIMA RES shares conferred in the Shareholders' Agreement, as indicated in the table, represent the entire shareholding held in the Company on their own by the Adhering Entities.

### **3. Subject, which, through the Shareholders' Agreement, to exercise control over the Company or cause the appointment of directors or auditors**

No party exercises control over the Company pursuant to the Shareholders Agreement. Please refer to the next Paragraph 4 with regard to the provisions contained in the Shareholders Agreement in relation to the appointment of members of the administrative body and the control body.

### **4. Content of the Shareholders' Agreement**

#### Appointment of members of the Board of Directors

The Shareholders' Agreement provides that the Company will be managed by a Board of Directors composed of 9 members. In particular, prior to listing, the Board of Directors will consist of one member designated by Qatar Holding LLC and 8 members appointed jointly by Manfredi Catella, Coima and SGR, five of whom are independent directors.

In case of renewal of the Shareholders' Agreement, following the listing of the Board of Directors will be appointed by list vote pursuant to art. 147-ter of TUF. In this regard, Manfredi Catella, COIMA, the SGR and Qatar Holding LLC will present jointly, and vote, a list of nine candidates.

This list - which will be drawn from all the directors except the one reserved to the first minority list, if any - should be composed as follows:

- a candidate indicated by Qatar Holding LLC that will always be inserted as the first name;
- eight candidates (including the candidate to be elected in case of absence of a minority list) indicated jointly by Manfredi Catella, COIMA and SGR, in accordance with the law in force. In particular:
  - i. among the candidates there will be Manfredi Catella, Gabriele Bonfiglioli and Matteo Ravà;
  - ii. five candidates must be qualified as independent pursuant to the Code of Conduct;
  - iii. a candidate qualifies as independent under the Code of Conduct, it will always be indicated as the last;



- iv. three candidates must be expressions of the less represented gender.

Candidates nominated by the parties to the agreement must possess the experience and integrity necessary to meet the requirements (including the eligibility requirements) established by the regulations, the Code of Conduct and the Company's bylaws.

The Shareholders' Agreement also contains detailed stipulations with regard to the replacement of Directors under the following assumptions: (i) the request of the party which has designated the administrator, (ii) dismissal without cause by the shareholders, (iii) loss of participation of Qatar Holding LLC in the Issuer for any reason and (iv) the resignation.

*Appointment of the Chairman of the Board of Directors, the Vice Chairman, the CEO and members of committees*

The President and CEO of the Company shall be appointed from among the candidates by Manfredi Catella, COIMA and SGR while the Deputy Chairman shall be appointed from among the candidates from Qatar Holding LLC. The Shareholders' Agreement contains an annex with a detailed list of powers of the CEO.

It will be established the following committees: the Remuneration Committee, for the control and risk committee and the committee for transactions with related parties.

The committees will be composed of a majority of independent directors and the Deputy Chairman if this is qualified as independent.

It will be also appointed an Investment Committee comprising five members, including two independent directors; the risk manager will assist the Investment Committee with technical support function.

*Appointment of Board of Statutory Auditors*

The Shareholders' Agreement provides that the Board of Auditors is composed of three regular members and three alternates.

In particular, prior to listing, a member, who will take over as Chairman, will be indicated by Qatar Holding LLC and two members jointly by Manfredi Catella, COIMA and SGR.

In case of renewal of the Shareholders' Agreement, after the listing, the Board will be appointed on the basis of lists in accordance with the provisions of art. 148 TUF. The Shareholders' Agreement provides that the parties to the agreement present and vote in favour of a list of 6 candidates (3 regular and 3 alternates)).

This list - which will be drawn from all the mayors except for those reserved to the first minority list, if any - should be composed as follows:

- a candidate for the office of statutory auditor and one candidate for the post of Alternate Auditor will be appointed by Qatar Holding LLC. The candidate for the office of statutory auditor so designated will be added as the first name and will be appointed Chairman of the Board in case of lack of the minority shareholders;
- the remaining candidates - the two candidates for the office of statutory auditor and two candidates for the post of Alternate Auditor or, if this is submitted a minority list, a candidate for the position of auditor and one candidate for the post of Alternate - will be set out jointly by Manfredi Catella, COIMA and SGR.

Candidates must possess the experience and integrity to meet the requirements (including the eligibility requirements) established by the regulations and the bylaws of the Company.

### Resolutions of the Board of Directors

The Board of Directors of the Company resolves to the administrator indicated favourable vote from Qatar Holding LLC with respect to the following matters:

- a. transactions between related parties, as defined under the current regulations, internal policies and procedures of the Company;
- b. proposals for merger and division;
- c. acquisition of controlling stakes in listed companies;
- d. investments out of Italy;
- e. capital increases for an amount exceeding Euro 1 billion;
- f. operations carried out through the use of a higher debt at 60% of the investment value;
- g. investments, net of amounts possibly be the subject of financing, exceed 30% of the net assets of the Company;
- h. disposals of *assets* having a value exceeding 25% of the total value of Company assets;
- i. delegation to members of the Board of the matters referred to in subparagraphs (a) - (h) above.

### Assembly

The meeting will deliberate:

- where relevant, on the above matters reserved by the affirmative vote of Qatar Holding LLC;
- on amendments to the statutes of the Issuer, with the favourable vote Manfredi Catella, COIMA and SGR.

Following completion of the listing will be approved further capital increases (in accordance with the investment strategy of the Company, as well as the procedures and legislation applicable) without the favourable vote of Qatar Holding LLC where it fulfils all the following conditions:

- the amount of each of the capital increase does not exceed EUR 1 billion, unless the proposed capital increase to be approved by the Board of Directors with the favourable vote of at least one director designated by Qatar Holding LLC;
- at least 80% of the proceeds of the capital or subsequent capital increases have already been invested in accordance with the provisions in the investment strategy of the Company.

Qatar Holding LLC will be free to exercise their right to vote in the assembly called to deliberate on such capital increases.

### Lock-up

The Shareholders' Agreement provides that Manfredi Catella, COIMA and SGR are obliged, to the end of the third year from the date of incorporation of the Company (i.e., until 8 June 2018), not to transfer, in whole or in part, directly or indirectly, the shares they held in the third year following the incorporation of the Company.

The *lock-up* engagement of Manfredi Catella, COIMA and SGR, however, will terminate upon the occurrence of one of the following circumstances:

- (a) members of the Board of Directors appointed jointly by Manfredi Catella, COIMA and SGR does not form a majority on the Board of Directors;
- (b) Manfredi Catella ceases to hold office as Chief Executive Officer of the Company; or
- (c) the *Asset Management Agreement* with the asset management company and / or the Contract with Coima are resolved without the consent of Manfredi Catella, COIMA and SGR.

The Shareholders' Agreement also provides that Qatar Holding LLC does not transfer, in whole or in part, directly or indirectly, the shares held by the Fund until the end of the sixth month following the completion of the vesting in the Company of the fund units Coima Core Fund IV, already Italian Banking Fund (that is, until 11 November 2016).

The commitment to *lock-up* Qatar Holding LLC still terminate upon the occurrence of any of the following circumstances:

- (a) the CEO of the Company is no longer Manfredi Catella or a member of the Board of Directors appointed by Manfredi Catella, Coima and SGR;
- (b) the *Agreement Asset Management* the SGR is dissolved for any reason.

The Shareholders' Agreement provides that if one of the parties through their behaviour intact, directly or indirectly, any of the assumptions referred to in Articles 106 and 109 of the Consolidated Finance Act, the responsible party must take the remaining parts fully indemnify and Indemnified from any costs, expenses , damage and liability arising from the obligation to purchase supportive promotion of the public, provided that the obligation to promote the above offer shall be deemed fulfilled only by the party responsible. This obligation of compensation and indemnity shall not apply if, despite the passing of one of the aforementioned thresholds, a recourse of exemptions from the obligation to tender offer referred to in Article 49 of the Issuers Regulation.

It is also recognized in favour of the pact holders a right of withdrawal pursuant to art. 1373 of the Civil Code, if (i) the interest held by Qatar Holding LLC which is less than 10% of the share capital of the Company or (ii) the transfer of the Units has not closed by 30 June 2016.

## **5. Duration of the Shareholders' Agreement**

The Shareholders' Agreement has a term of three years from the signing date (i.e. until 1 December 2018) and will be tacitly renewed for three years unless either party notifies the other in writing their will not to renew at least six months before its expiration date.

## **6. Arbitration**

Any dispute between the Adherents Subjects in relation to the Shareholders' Agreement will be decided by an arbitration proceeding under the *Rules of Arbitration of the International Chamber of Commerce*, in force, and, in particular, by three arbitrators to be appointed by the *International Court of Arbitration of the International Chamber of Commerce under the Rules of Arbitration*. The place of arbitration shall be London and the arbitration procedure will be conducted in English.

## **7. Filing**

The Shareholders' Agreement was filed on May 17, 2016 at the Office of the Register of Companies of Milan with protocol number RI / PRA / 2016/160469.

\* \* \*

This extract is a summary of the agreements contained in the Shareholders Agreement for the sole purpose of the legal publication. For every effect has a value only the full text of the agreements of the Shareholders' Agreement filed and notified in accordance with law.

May 17<sup>th</sup>, 2016

## Annex 2

### List of offices, in place, held by the current members of the Board of Directors

Name and surname	Company	Role
Caio Massimo Capuano	IW Bank Private Investment S.p.A.	Chairman of the Board of Directors
	Humanitas S.p.A.	Director
	Save the Children Italia Onlus	Director
	GICO S.r.l.	Sole Director
Feras Abdulaziz Al-Naama	-	-
Manfredi Catella	COIMA SGR S.p.A.	CEO
	COIMA S.r.l.	Chairman of the Board of Directors
	Fondazione Riccardo Catella	Chairman
Gabriele Bonfiglioli	COIMA SGR S.p.A.	Director
Matteo Ravà	COIMA SGR S.p.A.	Director
	COIMA RES S.p.A. SIINQ I	Chairman of the Board of Directors
	Consorzio Garibaldi Repubblica	Chairman of the Board of Directors
	IN.GRE Scarl	Director
Alessandra Stabilini	Residenze Porta Nuova S.r.l.	Director
	Parmalat S.p.A.	Statutory Auditor
	Brunello Cucinelli S.p.A.	Statutory Auditor
	Fintecna S.p.A.	Statutory Auditor
	Librerie Feltrinelli s.r.l.	Non-executive Director
	Banca Widiba S.p.A.	Independent Director
	TANK SGR S.p.A. in liquidazione coatta amministrativa	Liquidator (appointed by the Bank of Italy)
Giampaolo Abbondio Associati SIM S.p.A. in liquidazione coatta amministrativa	Member of the Supervisory Committee (appointed by the Bank of Italy)	
EUCO SIM S.p.A. in liquidazione coatta amministrativa		Member of the Supervisory Committee (appointed by the Bank of Italy)
	Nuova Banca delle Marche S.p.A.	Statutory Auditor
Agostino Ardissoni	Banca Esperia S.p.A.	Director
Laura Zanetti	Italmobiliare S.p.A.	Independent Director
	Italgas S.p.A.	Statutory Auditor
Michel Vauclair	Promontoria Holding VIII BV	Director
	Candlepower BV	Director
	KP Retail Property 20 S.a.r.l.	Director
	KP Retail Property 21 S.a.r.l.	Director
	Jade Portfolio 1 S.a.r.l.	Director
	Jade Portfolio 2 S.a.r.l.	Director
	Jade Management Holding S.a.r.l.	Director
	OPG Commercial RE Europe S.a.r.l.	Chairman of the Board of Directors
	OPG Holding S.a.r.l.	Chairman of the Board of Directors
	Grand Hotel du Lac Vevey S.p.A.	Chairman of the Board of Directors
	SI Morillons S.p.A.	Director e
	IS Arenas S.r.l.	Director