

AEFFE S.p.A.

Based in San Giovanni in Marignano - RN

Via delle Querce 51

Share capital € 26,840,626.00 fully paid

Rimini Companies Register and Tax Code No. 01928480407

R.E.A. Rimini No. 227228

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EXPLANATORY MEMORANDUM OF THE BOARD OF DIRECTORS
PURSUANT TO ARTICLE 2501-QUINQUIES OF THE CIVIL CODE

This explanatory memorandum on the project for merger by incorporation of Nuova Stireria Tavoleto S.r.l. (Nuova Stireria Tavoleto) into Aeffe S.p.A. (Aeffe) is drawn up by the Board of Directors of the latter pursuant to article 2501-*quinquies* of the Civil Code and in accordance with the provisions of Annex 3A to the Regulation implementing Legislative Decree No. 58 of February 24 1998 on the regulation of issuers (adopted by CONSOB with resolution no. 11971 of May 14 1999 as amended).

It should be noted that, the surviving company Aeffe S.p.A being an issuer company listed on the Online Stock Exchange organized and managed by Borsa Italiana S.p.A., the merger project and the documentation required by the current legislation will be made available to the public in the manner and within the time limits set out by article 70 of CONSOB Regulation No. 11971 of May 14 1999 as amended.

Dealing with the incorporation of a wholly-owned company, the resolutions concerning the merger by the surviving company Aeffe S.p.A. will be adopted, after the legal period, by the Board of Directors of Aeffe S.p.A. exercising the option laid down by the Articles of Incorporation with reference to the provisions of articles 2365, paragraph 2 and 2505, paragraph 2 of the Civil Code.

Without prejudice, pursuant to the last paragraph of the said article 2505 of the Civil Code, to the option of shareholders representing at least five percent of the capital to request that the resolutions on the merger be adopted at an extraordinary shareholders' meeting.

It should be noted that the proposed merger does not fall under the case referred to in article 117-*bis* of Legislative Decree No. 58 of February 24 1998, nor under an assumption of merger as a result of acquisition with debt as referred to in article 2501-*bis* of the Civil Code.

With reference to the legislation referred to in the Regulation laying down rules on transactions with related parties (adopted by CONSOB in resolution no. 17221 of March 12 2010 subsequently amended by resolution no. 17389 of June 23 2010), it is also noted that the proposed merger is between related parties, as identified by the legislation cited above, but it is excluded from application of the provisions of the Regulation mentioned in accordance with article 14, paragraph 2, of the same Regulation and related procedures adopted by Aeffe S.p.A. as it concerns a transaction with a (wholly) controlled company regarding which there are no interests classifiable as significant from other related parts of the company.

DESCRIPTION OF THE MERGER PROJECT

1a. Explanation of the operation and the reasons for it, in particular with regard to the operational objectives of the companies participating in the merger and to the programs planned to achieve them.

Nuova Stireria Tavoleto is wholly owned by Aeffe S.p.A. and is a company subject to the direction and coordination of the same Aeffe.

The reason for the merger by incorporation of Nuova Stireria Tavoleto into Aeffe is the simplification of the corporate structure and the chain of command, which will bring significant benefits both in operational and in organizational terms. In particular the merger of the wholly-owned subsidiary into a single structure will simplify the management of operational processes, will make the relevant programming, monitoring and control systems more organic, will enhance the assets of the absorbed company Nuova Stireria Tavoleto and will also generate greater flexibility and synergy with the other companies of the Aeffe Group. It will therefore allow the decision-making processes to be unified and the creation of an organization able to take the decisions necessary for the pursuit and achievement of business targets with greater responsiveness and timeliness.

Moreover, the merger will result in a reduction of the costs of the corporate structure through the streamlining of administrative staff, consultants and administrative commitments in general.

Finally, as a result of the merger, Aeffe S.p.A. will acquire the ownership of the property owned by Nuova Stireria Tavoleto located in Tavoleto (PU), Via dell'Artigianato, identified in the Land Registry of the aforesaid municipality as sheet 10, particle 32 sub 3 and 4.

1.a.bis) In the case of a merger as a result of acquisition with a loan, explanation of the contents of article 2501-bis, paragraph 3, of the Civil Code.

The merger will not entail any loan.

1.b) If the merger involves an exchange of securities, explanation of the values

attributed to the companies involved in the operation for the determination of the exchange ratio, indicating the existence of any expert appraisals.

The merger will not entail any exchange of securities.

1.c) The exchange ratio established and the criteria followed for the determination of that ratio, in particular with regard to any rounding that was necessary with respect to the ratios deriving from the simple comparison between the values attributed to the shares of the companies involved on the basis of the valuations referred to in the preceding paragraph.

Dealing with the incorporation of a wholly-owned company, the merger will take place through the cancellation of all the shares representing the share capital of the absorbed company Nuova Stireria Tavoleto with no allocation of shares of the surviving company.

Therefore, since the merger by incorporation involves a company whose shares are entirely owned by the surviving company, by virtue of the arrangement provided for in article 2505 of the Civil Code, the experts' report on the adequacy of the exchange ratio provided for in article 2501-*sexies* of the Civil Code is not necessary.

1.d) The procedure for assignment of the shares of the surviving company or of the company resulting from the merger and the date when such becomes valid.

See the content of paragraph 1.c).

1.e) The date from which the operations of the companies participating in the merger are charged, including for tax purposes, to the accounts of the surviving company or the company resulting from the merger.

The transactions of the absorbed company will be charged to the accounts of the surviving company as of the first day of the fiscal year of the surviving company during which the last registration required by article 2504 of the Civil Code will be effected.

1.f) Tax implications of the operation on the companies participating in the merger.

Under the provisions of article 172, paragraph 9 of the TUIR (Consolidated Law on Income Tax) note that, for the purposes of corporate income tax, the effects of the merger will also commence from the first day of the fiscal year of the surviving company during which the last registration required by article 2504 of the Civil Code will be effected.

1.g) Expectations for the composition of shareholdings and the controlling structure of the combined company or the surviving company following the transaction.

In view of the fact that the merger will result in the cancellation of all the shares representing the share capital of the absorbed company Nuova Stireria Tavoleto with no allocation of

shares of the surviving company, after the merger there will be no changes in the current shareholdings in Aeffe S.p.A. nor in the controlling structure of Aeffe S.p.A..

1.b) The effects of the merger on shareholders' agreements, relevant pursuant to article 122 of the Consolidated Law, concerning the shares of the companies participating in the merger, where such effects are communicated by those participating in the agreements themselves.

There are no shareholders' agreements for the surviving company nor for the absorbed company.

1.i) The opinions of the administrative body regarding recourse to the right of withdrawal if the merger involves delisting pursuant to article 2437-*quinquies* of the Civil Code.

Not applicable. The merger does not involve any change in the business purpose of the surviving company nor the allocation of unlisted shareholdings. Therefore, there are no grounds for exercising the right of withdrawal pursuant to article 2473 of the Civil Code.

1.l) In the event of recourse to the right of withdrawal, indicate the persons authorized for its use, the procedures and the timescales for the exercise of the right and for payment of the related reimbursement, in particular indicate the criteria for the determination of this last.

Not applicable.

Finally note that:

- There are no categories of shareholders with special or privileged treatment.
- There are no particular benefits in favor of the Directors of the companies participating in the merger.
- No evaluation difficulties were encountered in drafting the merger project.

Regarding the balance sheet prepared pursuant to article 2501-*quater* of the Civil Code, note that the financial statements for the year to 31 December 2014 of the companies participating in the merger can be used.

Pursuant to article 2501-*septies* of the Civil Code, this merger project, the financial statements for the last three years of the merging companies, together with the other documents required by the Law, will be deposited, within the 30 days before the scheduled date for the adoption of the respective resolutions, at the offices of the companies involved in the merger and at the market management company so that shareholders can view them and obtain copies.

The aforesaid documentation will be transmitted to CONSOB by the surviving company Aeffe S.p.A.

San Giovanni in Marignano (RN), June 24 2014

For the Board of Directors

The Chairperson

Massimo Ferretti