

Ordinary Shareholders' Meeting

12 January 2017 – single call

Directors' Report on the only item on the agenda: *“Proposal to distribute an extraordinary dividend using funds withdrawn from available reserves; related and consequent resolutions”*

Dear Shareholders,

You have been summoned to this ordinary Shareholders' Meeting for the review and approval of the proposal to distribute an extraordinary dividend as illustrated below.

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On 18 November 2016, the Board of Directors of EI Towers S.p.A. (“**EI Towers**” or the “**Company**”) resolved to submit to the Shareholders' Meeting this proposal for the distribution of an extraordinary dividend of Euro 3.60 per share, on a gross basis before the application of withholdings provided by law.

Such proposal is aimed at taking the opportunity to proceed with the rebalancing of the financial structure in order to reduce the average cost of capital. The distribution of an extraordinary dividend, as a complement to the capital allocation announced to the market on 26 July 2016 (ordinary dividend equal to at least 100% of the consolidated net profit and buy back plan), is in line with the target financial structure (2.5x Net Debt/Ebitda) on a stand-alone basis and will contribute toward creating value for all stakeholders and to an optimal development of the Company itself.

Over time, the Company has achieved positive economic results in line with targets and, for 2016, has confirmed the guidance already announced to the market. EI Towers also has available, significant reserves that are sufficient to cover the payment of the extraordinary dividend. Therefore, the payment of the same does not undermine the financial stability or the achievement of the goals of growth and implementation of the planned investment plans.

The amount of capital and reserves set forth in the annual financial statement as of 31 December 2015 and the interim management report as of 30 September 2016, is as follows:

Values in Euros	30/09/2016	31/12/2015
Share capital	2,826,238	2,826,238
Share premium reserve	194,226,797	194,226,797
Treasury shares	-4,086,562	-1,844,878
Legal reserve	565,248	565,248
Shareholders' payment in capital account	10,200,000	10,200,000
Extraordinary reserve	61,748,065	24,916,525
Other available reserves	307,177,413	307,109,758
Valuation reserves	-3,233,229	-2,291,382
Net profit for the period	43,999,784.6*	36,831,539
Total shareholders' equity	613,423,753	572,539,846

* Results as of 30.09.2016 on a gross basis before taxes.

In addition, since 30 September 2016, no material changes have occurred in the Company's assets or liabilities.

With reference to the shares outstanding as of the date hereof (28,262,377 shares, less 255,381 treasury shares held by the Company in its portfolio, corresponding to 0.90% of its share capital), the total amount of the dividend proposed would be equal to Euro 100,825,185.60. Such amount could decline if, as of the ex-dividend date, the actual number of treasury shares were to rise following purchases made under the buy-back plan which the Company currently has in place. It is proposed that the total amount that will be incurred in order to pay the extraordinary dividend be taken from the distributable reserves of EI Towers S.p.A. and, in particular, from the extraordinary reserve, up to the total amount of the same, totaling Euro 61,748,064.58, and, with regard to the difference, from the share premium reserve.

The dividend will be paid starting on 8 February 2017, with detachment of coupon number 3 on 6 February 2017 and record date, pursuant to art. 83-terdecies of Legislative Decree No. 58 of 24 February 1998, on 7 February 2017.

From a tax standpoint, the sums to be distributed and considered reserves of profits under the applicable legal framework will be subject to withholding at the source for taxes or substitute taxes or, in other words, may be taken into consideration for purposes of formulating the taxable income of the recipient on the basis of his/her legal status. Conversely, the sums which for tax purposes are to be qualified as capital reserves will not be taken into consideration for the determination of taxable income of recipients subject to the limit consisting of the tax cost of the shareholding held by each of them.

Therefore, considering the value of the Company's assets, the reserves to be distributed, as well as the tax laws and regulations in force, the amount of the proposed dividend, totaling Euro 100,825,185.60, must be considered a disbursement of profits totaling Euro 61,815,718.87 and a distribution of capital reserves totaling Euro 39,009,466.73.

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In consideration of the foregoing, the Board of Directors, having obtained the Board of Statutory Auditors' favorable opinion, submits to you, for your approval, the following resolution:

"The shareholders' meeting, approving the proposals formulated by the Board of Directors as described in its explanatory report,

- *having acknowledged that the annual financial statement as of 31 December 2015, approved by the shareholders' meeting held on 21 April 2016, shows available and distributable reserves, which make possible the distribution of an extraordinary dividend in the amount proposed;*
- *considering the balance sheet as of 30 September 2016, which shows that the value of the above-mentioned reserves has not changed significantly;*

resolves

- a) *to distribute to the shareholders, using funds from the extraordinary reserve, up to the total amount of the same and, as for the difference, the share premium reserve of EI Towers S.p.A., an extraordinary dividend of Euro 3.60 (three Euro and sixty cents) for each of the outstanding shares that are eligible as of the ex-dividend date and, therefore, excluding the treasury shares held in its portfolio as of such date;*

- b) *to establish that the ex-dividend date is 6 February 2017, the record date, pursuant to art. 83-terdecies of Legislative Decree No. 58 of 24 February 1998, is 7 February 2017 and the payment date is 8 February 2017;*
- c) *to grant to the Board of Directors and, on its behalf, to the managing directors, on a several basis, the broadest possible powers to effectively and fully perform the foregoing resolutions in compliance with the applicable legal framework.”*

Lissone, 18 November 2016

The Chairman of the Board of Directors
