

Directors' Report of Landi Renzo S.p.A. in accordance with Article 125-ter of Legislative Decree 58/1998 and Articles 84-ter and 73 of Consob regulation no. 11971 of 1999, to the ordinary shareholders' meeting, to be held at the registered office of the Company in Corte Tegge, Cavriago (Reggio Emilia), Via Nobel 2/4, on 28 April 2017 at 9:00 a.m. in single call.

TABLE OF CONTENTS

1.	1.1. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016, MANAGEMENT REPORT, REPORT OF THE BOARD OF STATUTORY AUDITORS AND REPORT OF THE INDEPENDENT AUDITOR; ANY RELATED AND CONSEQUENTIAL RESOLUTION. 1.2. RESOLUTIONS REGARDING THE END OF YEAR RESULTS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.	2
2.	RESOLUTION ON THE FIRST SECTION OF THE REPORT ON REMUNERATION PURSUANT TO ARTICLE 123-TER, SIXTH PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED; ANY RELATED AND CONSEQUENTIAL RESOLUTIONS	2
3.	AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES AFTER REVOCATION OF THE RESOLUTION ADOPTED BY THE SHAREHOLDERS' MEETING OF 29 APRIL 2016, TO THE EXTENT NOT IMPLEMENTED; ANY RELEVANT AND CONSEQUENTIAL RESOLUTION	3
4.	4.1. PROPOSAL TO INCREASE THE NUMBER OF THE BOARD OF DIRECTOR'S MEMBERS FROM EIGHT TO NINE. 4.2. APPOINTMENT OF A DIRECTOR. 4.3. DETERMINATION OF COMPENSATION; ANY RELATED RESOLUTIONS	7

1. **1.1. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016, MANAGEMENT REPORT, REPORT OF THE BOARD OF STATUTORY AUDITORS AND REPORT OF THE INDEPENDENT AUDITOR; ANY RELATED AND CONSEQUENTIAL RESOLUTION. 1.2. RESOLUTIONS REGARDING THE END OF YEAR RESULTS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

the draft financial statements for the year ended 31 December 2016, which we are submitting for your approval, report a loss for the year of Euro 28,985,860.92.

We are also submitting the consolidated Landi Renzo financial statements for the year ended 31 December 2016 which do not need to be approved by the Shareholders' Meeting but set out additional information provided with the Landi Renzo S.p.A. financial statements for the year.

For more information, please refer to the financial statements for the year ended 31 December 2016 and the related Management Report which you are asked to approve. We submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the Management Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report, and having reviewed the financial statements for the year ended on 31 December 2016,

resolves

- to approve the draft financial statements for the year ended on 31 December 2016, which report a loss for the year of Euro 28,985,860.92, as presented by the Board of Directors with regard to the aggregate accounts, the individual items, as well as the Management Report prepared by the Board of Directors;
- to approve the settlement of the operating loss of Landi Renzo S.p.A. of Euro 28,985,860.92 by means of integral use of the extraordinary reserve and the IAS transition reserve which both reach zero, and of the share premium reserve which is reduced to Euro 30,718,198.13".

* * *

2. **RESOLUTION ON THE FIRST SECTION OF THE REPORT ON REMUNERATION PURSUANT TO ARTICLE 123-TER, SIXTH PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED; ANY RELATED AND CONSEQUENTIAL RESOLUTIONS**

Dear Shareholders,

we submit to your attention the Report on Remuneration, prepared in accordance with Articles 123-ter of Legislative Decree 58/1998, as subsequently amended, (the "**Consolidated Financial Act**") and 84-*quater* of Consob regulation no. 11971 of 19

May 1999, as subsequently amended (the "**Regulations for Issuers**"). We reiterate that the Report on Remuneration is set out in two sections, which respectively describe: (i) the company's policy regarding the remuneration of members of the management bodies, executive director and managers with strategic duties with regard to the next financial year and the procedures followed to approve and implement this policy; and (ii) each of the items included in the remuneration of members of the management and internal audit bodies, and of the executive director, as well as fees paid to them for whatever reason in the last financial year.

Having stated the above and making reference for more information in this regard to the information set out in the Report on Remuneration, we submit, in accordance with the provisions in Article 123-ter, paragraph 6, of the Consolidated Financial Act, for your approval the following

proposed resolution

"The Shareholders' Meeting of Landi Renzo S.p.A.,

- having acknowledged the Report on Remuneration prepared by the Board of Directors and drawn up in accordance with Article 123-ter of the Consolidated Financial Act and Article 84-quater of the Regulations for Issuers,
- specifically having reviewed the "first section" regarding the policy of the Company on the remuneration of members of the management body, of the executive director and of the managers with strategic duties and the procedures followed to approve and implement this policy,
- having regard to the Listed Companies' Self-Governance Code, which the Company has adopted,

resolves

in favour of the first section of the Report on Remuneration prepared in accordance with Article 123-ter of the Consolidated Financial Act and Article 84-quater of the Consob Regulations for Issuers."

* * *

3. AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES AFTER REVOCATION OF THE RESOLUTION ADOPTED BY THE SHAREHOLDERS' MEETING OF 29 APRIL 2016, TO THE EXTENT NOT IMPLEMENTED; ANY RELEVANT AND CONSEQUENTIAL RESOLUTION

(Report in accordance with Article 73 of the Regulations for Issuers)

Dear Shareholders,

the Shareholders' Meeting of 29 April 2016 authorised the Company to purchase treasury shares during the 18 months following the date of that resolution, as well as to sell any treasury shares without any time limit.

In the 2016 financial year and until now, the Company did not purchase any treasury shares. The Company, therefore, has no treasury shares in its portfolio as of the date hereof.

Because the term of validity of the above authorisation will expire on 29 October 2017, to avoid having to call a special Shareholders' Meeting before such expiry date and given that this proposal is in line with the practice followed by the majority of listed companies, we believe it would be useful to propose that you provide a new authorisation to purchase and to sell treasury shares in accordance with Articles 2357 and following of the Italian Civil Code, after having revoked the prior authorisation approved by the Shareholders' Meeting to the extent unused.

Below we set out the reasons and terms and conditions for the purchase and sale of treasury shares which we ask you to authorise.

(A) Reasons for the request to have the Shareholders' Meeting authorise the purchase and sale of treasury shares

The authorisation is requested, in accordance with the purposes provided under Article 5, paragraph 2, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, to sell treasury shares to be used in the context of future stock option plans for executive directors and/or employees, including managers and other contractors of the Company and its subsidiaries, or to service issues of debt securities convertible into shares of the Company.

The authorisation is also required in order to conduct a stabilising action of the courses related to short-term market situations and however in accordance with the provisions set forth in Article 5, paragraph 4, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014. The purchase of such treasury shares, moreover, can be used to manage Company liquidity efficiently.

We ask the Shareholders' Meeting to simultaneously authorise the Board of Directors to sell any shares that might be purchased since we consider this to be an important managerial and strategic instrument.

(B) Maximum number and nominal value of shares authorised for purchase/sale

The authorisation is sought for the purchase of a maximum number of ordinary shares of the Company, whose aggregate nominal value, inclusive of the nominal value of any Company shares owned by the Company's subsidiaries, cannot exceed one fifth of the Company's share capital in compliance with the limits set out in Article 2357, paragraph 3, of the Italian Civil Code. To ensure compliance with the above aggregate limit of 20% of the Company's share capital, the Landi Renzo subsidiaries will be instructed to report promptly any purchase of Landi Renzo shares.

The compensation paid or received from the sale and purchase of treasury shares will be recorded in the accounts directly as shareholders' equity in accordance with the accounting principle "IAS 32" and, in any event, in compliance with the accounting rules and regulations applicable from time to time.

(C) Term of the Authorisation's Validity

The authorisation to purchase is being requested for 18 months from the date on which the Shareholders' Meeting approves the resolution, while the authorisation to sell is requested without a time limit.

(D) Consideration for the purchase and sale of shares

The purchase price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction, and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues.

The sale price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction. These price limitations will not apply for sales or transfers of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of stock option plans of which they benefit.

(E) Terms and Conditions for the purchase and sale of shares

The Company shares will be purchased in compliance with the regulations applicable to listed companies and therefore in compliance with Article 144-*bis* of the Regulations for Issuers and Article 132 of the Consolidated Financial Act, the provisions of the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:

- (i) public offer of purchase or exchange;
- (ii) on regulated markets using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
- (iii) purchase and sale of derivative instruments traded on regulated markets that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in Article 144-*bis*, paragraph 1, letter c), of the Regulations for Issuers.
- (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme.

The shares can be sold, even before all purchases are completed, where allowed by the applicable EU and national laws and regulations, in one or more transactions, on regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the Shareholders, institutional placement, placement of rights

to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange.

With effect from the date of the Shareholders' Meeting resolution, the unused portion of the resolution to purchase and sell treasury shares approved by the ordinary Shareholders' Meeting of 29 April 2016 shall be considered accordingly revoked.

Based on the above, we submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors and having regard to the provisions of Articles 2357 et seq. of the Italian Civil Code,

resolves

1. to revoke, as from the date of this resolution and to the extent unused, the resolution authorising the purchase and sale of treasury shares approved by the ordinary Shareholders' Meeting on 29 April 2016;
2. to authorise the Board of Directors, pursuant to and for the effects of Article 2357 of the Italian Civil Code, the purchase of treasury shares of the Company, up to the number, at the price and at the terms and conditions set out below:
 - in one or more purchase transactions, within 18 months from the date of the resolutions, subject to the available reserves and profits available for distributions as shown on the most recently approved financial statements, with the purchases being recorded in the accounts in compliance with the law and the applicable accounting principles;
 - the purchase price of any share shall range exclusively from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues;
 - the maximum number of shares purchased shall be such so that their aggregate nominal value, inclusive of the nominal value of any shares owned by the subsidiaries, does not exceed one fifth of the share capital taking into account for this purpose also the shares owned by the subsidiaries;
 - the purchase of treasury shares will be effected in compliance with the regulations applicable to listed companies and therefore in compliance with Article 144-*bis* of the Regulations for the Issuers and Article 132 of the Consolidated Financial Act, the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament

and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:

- (i) public offer of purchase or exchange;
 - (ii) on regulated markets using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
 - (iii) purchase and sale of derivative instruments traded on regulated markets that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in Article 144-*bis*, paragraph 1, letter c), of the Regulations for Issuers;
 - (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme;
3. to authorise the Board of Directors, pursuant to Article 2357-*ter*, first paragraph, of the Italian Civil Code, to sell all or part, at one or more times without any time limit, the treasury shares purchased, even before completing all purchases, where allowed by the applicable EU and national law provisions, including on regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the Shareholders, institutional placement, placement of rights to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange, at a price that shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction. These price limitations will not apply for sales or transfers of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of stock option plans of which they benefit;
4. to authorise the Board of Directors, pursuant to Article 2357-*ter*, third paragraph, of the Italian Civil Code, to make any suitable or necessary accounting record or entry in relation to treasury shares transactions, in compliance with the applicable legislation and accounting principles;
5. to grant to the Board of Directors, and for it to the Managing Director, all authority and powers to allow the purchases and sales and to implement all the foregoing resolutions, including through especially appointed attorneys in fact, and complying with all formalities required by the authorities involved."

* * *

4. **4.1. PROPOSAL TO INCREASE THE NUMBER OF THE BOARD OF DIRECTOR'S MEMBERS FROM EIGHT TO NINE. 4.2. APPOINTMENT OF**

A DIRECTOR. 4.3. DETERMINATION OF COMPENSATION; ANY RELATED RESOLUTIONS

Dear Shareholders,

with regard to the current composition of the Board of Directors, we are proposing to increase the numbers of members of the Board of Directors from eight to nine and to appoint a new director in the person of Mr. Cristiano Musi, current general manager of the Company.

The appointment of Mr. Cristiano Musi as director is aimed at allowing the Board of Directors to confer to the latter also the office of Managing Director with the related powers.

Without prejudice to the Shareholders' exclusive competence with regard to the integration of the Board of Directors, the Board of Directors believes that the appointment to Managing Director of the person already in charge of the operational management of the Company, as general manager, would make the Company's corporate governance more effective and functional.

In particular, we propose to appoint Mr. Cristiano Musi as he has a vast experience in sectors adjacent to the automotive one and significant managerial skills gained in the course of his career through top roles in companies operative in various sectors.

As this is a mere integration of the Board of Directors and not an appointment of the entire Board of Directors, it will not implemented on the basis of slates as provided for by the by-laws, as the requirements and the conditions provided for by the by-laws for the application of this procedure do not exist and therefore the Shareholders' Meeting will resolve with the majorities of law, without prejudice to the minimum requirements in relation to the number of independent directors and gender balance.

Moreover, we invite you to establish the annual gross fixed compensation for Mr. Cristiano Musi, where appointed as director, in Euro 12,500 and therefore to increase from Euro 190,000 to Euro 202,500, the annual total remuneration for the whole Board of Directors, without prejudice to the Board of Director's discretion to attribute an additional remuneration for any possible particular office pursuant to Article 2389, paragraph 3 , of the Italian Civil Code.

Given the above, we are now submitting for your approval the following

proposed resolution

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors

resolves

1. to increase the number of members of the Board of Directors from eight to nine;
2. to appoint as director the general manager Mr. Cristiano Musi;

3. to establish the duration in office of the director Mr. Cristiano Musi equal to the duration of the directors currently in office and therefore until the date of approval of the financial statements as at 31 December 2018;
4. to establish the annual gross fixed compensation of Mr. Cristiano Musi in Euro 12,500 and therefore to increase from Euro 190,000 to Euro 202,500, the annual total remuneration for the whole Board of Directors.

Cavriago, 28 March 2017

The Chairman of the Board of Directors

Stefano Landi