

**ILLUSTRATIVE REPORT OF THE DIRECTORS TO THE SHAREHOLDERS' MEETING
OF 7 NOVEMBER 2018**

ITEM I OF THE AGENDA – EXTRAORDINARY PART

Modification of Articles 1, 9, 13 and 26 of the Articles of Association. Inherent and consequential deliberations.

Dear Shareholders,

This Report has been drafted by the Board of Directors of Tecnoinvestimenti S.p.A. (the “**Company**”) to illustrate and justify to the Shareholders’ Meeting the proposal to modify Articles 1, 9, 13 and 26 of the Articles of Association (the “**Articles of Association**”), pursuant to Art. 72, para 1 of the Consob Regulation adopted with the deliberation n. 11971/1999, as successively modified and integrated (“**Issuers’ Regulation**”), in conformity with the form 3 of Attachment 3A of the Issuers’ Regulation (the “**Report**”).

1. REASONS FOR THE PROPOSALS TO MODIFY THE ARTICLES OF ASSOCIATION

It is proposed to make the aforementioned amendments to the Articles of Association for the reasons set out below.

With reference to the amendment of the Art. 1 the same is necessary for the re-branding of the Group. The amendment to Art. 9 proposes the introduction of the paragraph underlined below for the purpose of coordination with the provisions contained in the "Procedure for transactions with Related Parties", adopted by the Company, regarding the approval by the Shareholders' Meeting of "transactions of major importance". The changes to Art. 13 are made to simplify and align the procedures governed by the same article. The elimination of Art. 26 is justified by the occurrence of the event envisaged by Art. 26 same.

COMPARISON OF THE ARTICLES OF THE ARTICLES OF ASSOCIATION WHICH ARE PROPOSED TO BE CHANGED BETWEEN THE CURRENT TEXT AND THAT PROPOSED.

Below is the text of the Articles of Association together with the comparison column relating to the amendments proposed in Articles 1, 9, 13 and 26, shown in bold.

| Text of the Current Articles of Association | Proposed Modified Text of the Articles of Association |
|---|---|
| Article 1 (Name) A joint stock company is hereby incorporated under the name of: “TECNOINVESTIMENTI S.p.A.”. | Article 1 (Name) A joint stock company is hereby incorporated under the name of: “ TECNOINVESTIMENTI TINEXTA S.p.A.”. |
| Article 9 (Constitution of Shareholders’ Meetings and Validity of Resolutions) The regular constitution of Ordinary and Extraordinary Shareholders’ Meetings and the validity of their resolutions are governed by Law and these Articles of Association. | Article 9 (Constitution of Shareholders’ Meetings and Validity of Resolutions) The regular constitution of Ordinary and Extraordinary Shareholders’ Meetings and the validity of their resolutions are governed by Law and these Articles of Association. |

The provisions of Article 10 apply to the appointment of Directors, while the provisions of Article 20 apply to the appointment of the Board of Statutory Auditors.

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If, in relation to a transaction of greater significance, as defined by the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended (the "Regulations"), the proposed resolution to be submitted to the Shareholders' Meeting is approved in the presence of a contrary opinion of the directors or independent directors, the Board of Directors will not be able to execute the operation if the unrelated Shareholders present at the meeting represent at least 10% of the Share Capital with voting rights and the majority of unrelated voting Shareholders express a vote against the transaction.

Article 13 (Board of Directors Meetings)

The Board meets at the Company's registered office or elsewhere whenever the Chairman or his deputy considers it necessary, normally at least once a quarter, or when a written request is submitted by at least one third of its members.

The Board may also be convened by the Board of Statutory Auditors subject to communication to its Chairman or by each statutory auditor even individually.

The Board of Directors may also be convened, subject to communication to the Chairman of the Board of Directors, by at least two standing auditors.

The meeting is convened by means, electronic or otherwise, that ensure timely receipt to be sent at least three days prior to the meeting to each director and standing auditor. In urgent circumstances, the meeting may be convened by telegram or fax to be sent at least one day beforehand.

It is possible for the meeting to be held by teleconference or videoconference.

In this case:

- the following must be ensured:

a) identification of all those participating at each connection point;

Article 13 (Board of Directors Meetings)

The Board meets at the Company's registered office or elsewhere whenever the Chairman or his deputy considers it necessary, normally at least once a quarter, or when a written request is submitted by at least one third of its members.

The Board may also be convened, subject to prior communication to the President of the Board, by the Board of Statutory Auditors ~~subject to communication to its Chairman~~ or by each statutory auditor even individually, as provided for by the applicable provisions of law.

~~The Board of Directors may also be convened, subject to communication to the Chairman of the Board of Directors, by at least two standing auditors.~~

The meeting is convened by means, electronic or otherwise, that ensure timely receipt to be sent at least three days prior to the meeting to each director and standing auditor. In urgent circumstances, the meeting the convocation is carried out by electronic means that ensure the prompt receipt ~~may be convened by telegram or fax~~ to be sent at least one day beforehand.

It is possible for the meeting to be held by teleconference or videoconference.

In this case:

- the following must be ensured:

a) identification of all those participating at each connection point;

| | |
|--|--|
| <p>b) the possibility for each of the participants to take the floor, verbally express their opinion, examine, receive or transmit all the documentation, and that the examination and discussion take place at the same time;</p> <p>- the meeting of the Board of Directors is considered to have been held at the place attended simultaneously by the Chairman and the Secretary.</p> <p>Resolutions are recorded in the appropriate register. The minutes are signed by the Chairman and the Secretary of the meeting.</p> <p>Directors must report in due time and in any case at least once a quarter to the Board of Statutory Auditors during the meetings of the Board of Directors and of the Executive Committee, or directly by written communication on the activity performed and on the transactions of greater importance in economic, financial and capital terms carried out by the Company and/or the subsidiaries and in particular on those in which they have an own or third party interest or that are influenced by the party exercising management and coordination.</p> <p>In any case at least once a quarter the corporate offices report to the Board of Directors and to the Board of Statutory Auditors on the general management performance and its foreseeable outlook and on the transactions of greater importance in terms of size or characteristics carried out by the Company and/or the subsidiaries.</p> | <p>b) the possibility for each of the participants to take the floor, verbally express their opinion, examine, receive or transmit all the documentation, and that the examination and discussion take place at the same time;</p> <p>- the meeting of the Board of Directors is considered to have been held at the place attended simultaneously by the Chairman and the Secretary.</p> <p>Resolutions are recorded in the appropriate register. The minutes are signed by the Chairman and the Secretary of the meeting.</p> <p>Directors must report in due time and in any case at least once a quarter to the Board of Statutory Auditors during the meetings of the Board of Directors and of the Executive Committee, or directly by written communication on the activity performed and on the transactions of greater importance in economic, financial and capital terms carried out by the Company and/or the subsidiaries and in particular on those in which they have an own or third party interest or that are influenced by the party exercising management and coordination.</p> <p>In any case at least once a quarter the corporate offices report to the Board of Directors and to the Board of Statutory Auditors on the general management performance and its foreseeable outlook and on the transactions of greater importance in terms of size or characteristics carried out by the Company and/or the subsidiaries.</p> |
| <p>Article 26 (Provisions regarding the Board of Directors)</p> <p>The provisions of Article 10 concerning the minimum number of directors who must meet the independence requirements established by Article 148(3) of Italian Legislative Decree No 58/1998 shall apply from the first full renewal of the Board of Directors following termination, for any reason, of the Board of Directors appointed by the Shareholders' Meeting held on 30 April 2015.</p> | <p>Article 26 (Provisions regarding the Board of Directors)</p> <p>The provisions of Article 10 concerning the minimum number of directors who must meet the independence requirements established by Article 148(3) of Italian Legislative Decree No 58/1998 shall apply from the first full renewal of the Board of Directors following termination, for any reason, of the Board of Directors appointed by the Shareholders' Meeting held on 30 April 2015.</p> |

2. ASSESSMENT OF THE BOARD OF DIRECTORS ON THE APPLICATION OF THE RIGHT OF WITHDRAWAL

These amendments to the Articles of Association do not attribute to the Shareholders who have not participated to the related deliberation the right to withdraw pursuant to Art. 2437 of the Italian Civil Code.

DELIBERATION PROPOSAL

Dear Shareholders,

in light of what has been illustrated, we submit to you the following deliberation proposal:

“The Shareholders' Meeting of Tecnoinvestimenti S.p.A. (the “Company”), in the Extraordinary Part

- *having examined the Illustrative Report of the Board of Directors, prepared pursuant to Art. 72, para 1 of the Issuers' Regulation, in conformity with form 3 of the Attachment 3A of the Issuers' Regulation (the “Report”),*
- *shares the motivations of the proposal and its contents*
deliberates
- *to modify Articles 1, 9, 13 and 26 of the Articles of Association of the Company according to the text contained in the Report;*
- *to confer on the Chairman and the Chief Executive Officer, separately and with the right to sub-delegate, the widest powers to execute, in compliance with the provisions of the law, the preceding resolutions and the resolution in question and the accomplishment of the consequent legislative and regulatory obligations.”*

Rome, 17 October 2018

On Behalf of the Board of Directors

The Chairman

(Enrico Salza)