FONCIERE DES RÉGIONS

Société anonyme with a share capital of 225 835 737 euros

Registered office: 18 avenue François Mitterrand – 57000 Metz

RCS Metz 364 800 060

REPORT OF THE BOARD OF DIRECTORS

TO THE EXTRAORDINARY GENERAL MEETING DATED 6 SEPTEMBER 2018

Ladies and Gentlemen, Dear Shareholders,

We have called this extraordinary general meeting of Foncière des Régions (the "**Company**" or "**Foncière des Régions**") to submit to you the following resolutions:

1. Review and approval of the merger by incorporation of Beni Stabili by the Company – Approval of the terms and conditions of the Merger Plan;
2. Withdrawal right of Beni Stabili shareholders;
3. Delegation of power granted to the Board of directors to acknowledge the definitive completion of the merger and the share capital increase resulting from the merger;
4. Transfer to the Company of the commitments of Beni Stabili relating to the convertible bonds of Beni Stabili and waiver of the preferential subscription right of the shareholders to the benefit of holders of convertible bonds of Beni Stabili;
5. Change of corporate name and subsequent amendment of article 2 of the articles of association;
6. Amendment of the articles 8.2, 25.3 and 25.4 of the articles of association;
7. Power for formalities.

The purpose of this report is to set out the draft resolutions approved by the Board of directors of the Company on 19 July 2018 and which approval is recommended by the board of directors.

The presentation of the financial situation, the operations and the results of the Company since the beginning of the ongoing fiscal year, as well as the various information required by applicable laws and regulations, are provided in the half-year financial report of the Company as of 30 June 2018, which will be published on the website of the Company and which you are invited to refer to.

The main events which took place in respect of you Company and its subsidiaries since the beginning of the fiscal year relate to the completion of the following transactions:

- 17 January 2018 – Foncière des Régions is granted two awards at the *Grands Prix de l'Immobilier* organised by CFNEWS IMMO: the award in the "Diversification" category for its new offer in flexible and co-working spaces, and the award in the "Hotel Trade Transactions" category, praising the merger of the hotel trade investment structures of the Group, namely Foncière des Murs and FDM Management.

- 14 February 2018 – Dominique OZANNE, Hotel Trade Chief Executive Officer of Foncière des Murs, is appointed Deputy Chief Executive Officer of Foncière des Régions for a term of four years (until the end of 2021). Laurie GOUDALLIER is appointed to the Direction Committee as Chief Digital Officer, in charge of managing the digital transformation of the group in Europe, focusing on a client-centred organisation.

- 19 February 2018 – the ERASMUS + France agency enters into a lease agreement as lessee, for a term of 9 years and 3 months, for 2 172 square meters of offices in the tertiary-sector real estate property *Quai 8.2* in Bordeaux, bringing to 39% the rate of pre-commercialisation of the transaction.

- 6 March 2018 – Foncière des Régions, partner of the transformation of companies, broadens its offer and introduces its brand of flexible spaces: Wellio, a unique partnership between its hotel trade expertise and its experience in work environments.

- 3 May 2018 – Foncière des Régions further develops its development in the hotel trade sector in Europe by signing, through its hotel-trade dedicated subsidiary Foncière des Murs, an agreement with Starwood Capital for 976 million euros regarding the acquisition of an emblematic portfolio of 4 and 5-star hotels, located in the main cities of the United Kingdom.

- 25 May 2018 – Following the approval of the board of Beni Stabili, on 24 May 2018, the Board of directors of the Company approves the merger project between the two companies on the basis of a merger exchange ratio of 8.5 Foncière des Régions shares per 1,000 Beni Stabili shares.

- 29 May 2018 – Foncière des Régions releases its change of identity with its new commercial brand "Covivio", with the willingness to confirm its European dimension and strengthen the common identity between the various countries.

- 15 June 2018 – the ADP Group, as planner of the land and co-investor, and Foncière des Régions, as property developer and co-investor, have signed the agreements required for the construction of the second office building Belaïa, at the heart of Coeur Orly, the business district of the Paris-Orly airport.

- 12 July 2018 – Foncière des Régions is awarded the "*Grand Prix Spécial du Jury*" at the "*Grand Prix de l'Assemblée Générale 2018*", which acknowledges the quality and relevance of the information provided at the combined general meeting of 19 April 2018.

- 12 July 2018 – Foncière des Régions unveils the results of the first round of the consultation of the architect contest in order to develop a high-height building of 70,000 square meters on a piece of land located on Alexanderplatz, at the heart of Berlin: Sauerbruch Hutton (Berlin) and Diener & Diener Architects (Basel).

This general meeting is mainly called in the context of the project of merger by incorporation of Beni Stabili by Foncière des Régions (the "**Merger**"), which is subject to your approval under resolutions 1 to 4. It will also be proposed to you, through the vote of the 5th and 6th resolutions, to adopt "Covivio" as new corporate name of the Company and to amend articles 2, 8.2, 25.3 and 25.4 of the articles of association.

I. Approval of the Merger (1st, 2^{nd,} 3rd and 4th resolutions)

This report sets out the main terms and conditions of the Merger, which are further detailed in the draft merger plan approved by the Boards of directors of Beni Stabili and Foncière des Régions respectively on 18 and 19 July 2018 (the "**Merger Plan**").

Mr. Michel LEGER, has been appointed as merger appraiser by the president of the commercial chamber of the regional court of Metz on 8 June 2018 in order to prepare the two reports set forth in Article L. 236-10 of the French Commercial Code respectively on the value of the assets and liabilities contributed and on the remuneration for the assets and liabilities contributed. Such reports will be presented to the general meeting. Mr. Michel LEGER will also issue an opinion on the number of shares of the Company to which, to following the Merger, the convertible bonds issued by Beni Stabili shall give right, in accordance with the provisions of Article L. 228-101 of the French commercial code.

1. Presentation of the companies

A. Foncière des Régions

Foncière des Régions is a joint stock company (*société anonyme*), with its registered offices in 18, avenue François Mitterrand, 57000 Metz, France, registered with the French register of companies of Metz under number 364 800 060.

The duration of Foncière des Régions is set until 1st December 2062, without prejudice to possible extension or early dissolution.

Its financial year begins on 1 January and ends on 31 December of each year.

Foncière des Régions has an issued share capital of EUR 225,835,737, divided into 75,278,579 ordinary shares with a par value of EUR 3 each.

The shares of Foncière des Régions are publicly traded on a regulated stock exchange (Euronext Paris, compartment A).

Foncière des Régions also issued (i) free shares, of which 488,367 were allotted and not yet vested on 30 June 2018, (ii) convertible bonds (*Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes (ORNANES))* with an annual return of 0.875% for a nominal amount of EUR 345,000,000 and repayable on 1 April 2019, and (iii) non-convertible bonds for a total amount outstanding at 31 December 2017 of approximately 1.7 billion euros.

Foncière des Régions has not issued any bonds, equity securities or securities giving access to capital other than those above-mentioned.

B. Beni Stabili

Beni Stabili is a joint stock company (a *società per azioni*) incorporated and existing under the laws of the Republic of Italy with its registered offices in 38, via Piemonte, 00187 Rome, Italie, registered with the Italian register of companies (*Registro delle Imprese*) of Rome, Republic of Italia, under number 00380210302.

The duration of Beni Stabili is set until 31 December 2100, without prejudice to possible extension or early dissolution.

Its financial year begins on 1 January and ends on 31 December of each year.

Beni Stabili has an issued share capital of EUR 226,959,280.30, divided into 2,269,592,803 ordinary shares with a par value of EUR 0.10 each.

The shares of Beni Stabili are publicly traded on the Milan Stock Exchange (*Mercato Telematico Azionario)* and also on a regulated stock market in France (Euronext Paris).

Beni Stabili also issued (i) convertible bonds (*200,000,000 0.875 per cent. Convertible Bonds due* 2021) which are outstanding and listed on the ExtraMOT (Professional Market of Borsa Italiana) (the « **Convertible Bonds** »), and (ii) the following bonds which are not convertible, the « *Euro 300,000,000 2.375 per cent. Notes due 20 February 2028* » (the « **2028 Notes** »), the « *Euro 300,000,000 1.625 per cent. Notes due 17 October 2024* » (the « **2024 *Notes*** ») and the « *Euro 125,000,000 2.125 per cent. Notes due 30 March 2022* » (the « **2022 *Notes*** » and, together with the 2028 *Notes* and the 2024 *Notes*, the « **Notes** »).

Beni Stabili has not issued any bonds, equity securities or securities giving access to capital other than those above-mentioned.

2. Terms and conditions of the Merger

A. Context

On 19 April 2018, Foncière des Régions proposed to Beni Stabili a merger project based on an exchange ratio of 8.5 Foncière des Régions shares for 1,000 Beni Stabili shares (after the detachment of 2017 dividends).

As part of the procedure for the approval of related-party transactions, the independent directors' committee of Beni Stabili gave its favourable and unanimous opinion on the proposed merger on 24 May 2018, relying in particular on the fairness opinion issued by Lazard bank.

The works council of the Economic and Social Union of Foncière des Régions was informed and consulted on the merger project and gave a favourable opinion on the proposed Merger on 23 May 2018. The works council's opinion is set forth in Schedule 2 to this report.

In this context, Foncière des Régions and Beni Stabili entered into a merger agreement on 25 May 2018 to define their respective obligations with a view to implementing the Merger.

Foncière des Régions has also granted to an investment service provider a mandate to acquire Beni Stabili shares, up to a maximum holding of 59.90 %. At the date of signing of the Merger Plan, 19 July 2018, Foncière des Régions held 59,87 % of the capital of Beni Stabili.

The Merger would be implemented in accordance with the terms and conditions agreed to in the Merger Plan.

The new shares issued by Foncière des Régions in consideration for the Beni Stabili shares will be the subject of a request for admission to trading on the Euronext Paris regulated market, with the Euronext market company, as well as on the Milan stock exchange for all Foncière des Régions shares (*Mercato Telematico Azionario*).

B. Rationale for the merger

This merger will continue the transformation of Beni Stabili initiated two years ago and confirms Foncière des Régions' investment strategy in Italy, focused on Milan and the development pipeline. It is also a major step in simplifying the Group's organisation and helps to strengthen the links between its various divisions. The Merger will also consolidate the group's status as an integrated European real estate operator and leader in its markets by strengthening its three strategic pillars, namely the focus on European capitals, real estate development and customer culture.

The Merger will also simplify the procedures and legal requirements currently applicable, which will also reduce costs. The Merger should also strengthen the Company's profile on capital markets by increasing its market capitalization and broadening the free float.

3. Conditions precedent - Effective Date

Completion of the Merger would be subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the following conditions precedent:

(i) the approval of the terms of the Merger Plan by the general meeting of the shareholders of the Company;

(ii) the approval of the terms of the Merger Plan by the general meeting of the shareholders of the Beni Stabili;

(iii) the delivery by the clerk of the District Court of Metz (*Tribunal d'instance de Metz*) and an Italian notary public of pre-Merger compliance certificates regarding pre-Merger acts and formalities;

(iv) the delivery by the clerk of the District Court of Metz (*Tribunal d'instance de Metz*) or by a French notary public of a legality certificate concerning completion of the Merger in accordance with article 128 of the Directive and article L. 236-30 of the French Commercial Code;

(v) the approval for listing on Euronext Paris of the shares of the Company issued and allotted to the holders of Beni Stabili shares.

Subject to satisfaction (or the waiver) of above conditions precedent, the effectiveness of the Merger from a legal, tax and accounting standpoint will be postponed until 11:59 pm on 31 December 2018 (the "**Effective Date**").

4. Designation and valuation of the assets and liabilities contributed

Pursuant to regulation n° 2014-03 of the French Accounting Regulation Authority (*Autorité des normes comptables*), as amended by regulation n° 2017-01 of the same Authority, as the Company controls Beni Stabili, the assets and liabilities of Beni Stabili transferred to the Company in the context of the Merger will be recorded in the accounts of the Company at their net book value, which net book value shall be recorded as of the Effective Date pursuant to Article 7 of the Merger Plan.

The Company shall record the assets and liabilities of the Beni Stabili in accordance with the accounting principles to which the Beni Stabili is subject (without prejudice to the harmonization of the accounting and valuation methods applicable to the assets and liabilities following the Merger). The book value of the net assets will be transferred to Beni Stabili and the net assets will be translated in the accounts of the Company in Euros, upon the Effective Date.

In the context of the Merger, Beni Stabili transfers to the Company, subject to the ordinary factual and legal conditions and subject to the conditions provided in this Merger Plan, all of its assets and liabilities (including all property, rights and powers of any description), it being understood that the lists set out below are provided for information purposes only and are not exhaustive, given that the assets and liabilities of Beni Stabili shall be transferred to the Company as they will be on the Effective Date.

As the Company shall be assigned the assets and liabilities of Beni Stabili as from the Effective Date, and in accordance with regulation n°2004-01 of the French Accounting Regulation Authority, Beni Stabili's assets and liabilities that will have been transferred by universal succession of title to the Company will be recorded at their net book value as at the Effective Date in the Company's accounts. In this respect, in accordance with the opinion CU CNC n°2005-C, Beni Stabili has set up estimated accounts as of 31st December 2018 (the "**Estimated Accounts**") in order to provide an estimate of the net book value of the assets and liabilities transferred by universal succession of title to the Company by Beni Stabili at the Effective Date.

The final book value of the assets and liabilities that will be transferred by universal succession of title to the Company and, as a consequence, the resulting net asset value thereof, will be determined on the Effective Date based on the final accounts of Beni Stabili as of the Effective Date, which will be set up by the board of directors of the Company and will be reviewed by its auditors.

Assets contributed by Beni Stabili to the Company

The assets contributed by Beni Stabili will be transferred by universal succession of title on the Effective Date.

For information purposes only, the book value of the assets of Beni Stabili in the half year financial statements of Beni Stabili and in the Estimated Accounts are presented below:

(Data in € thousands)	BENI STABILI SPA SIIQ 30/06/2018	BENI STABILI SPA SIIQ FORECAST 31/12/2018
ASSETS		
Investment properties	2,392,250	2,230,398
Investments in equity affiliates	780,446	814,834
Other non-current assets	50,213	49,497
Total Non-Current Assets	**3,222,910**	**3,094,729**
Cash and cash equivalents	14,169	24,861
Assets held for sale	6,940	0
Inventories and work-in-progress	18,025	22,672
Other current assets	49,287	72,836
Total Current Assets	**88,421**	**120,369**
TOTAL ASSETS	**3,311,330**	**3,215,099**

<u>Liabilities transferred by Beni Stabili to the Company</u>

The liabilities contributed by Beni Stabili will be transferred by universal succession of title on the Effective Date.

For information purposes only, the book value of the liabilities of Beni Stabili in the half year financial statements of Beni Stabili and in the Estimated Accounts are presented below:

(Data in € thousands)	BENI STABILI SPA SIIQ 30/06/2018	BENI STABILI SPA SIIQ FORECAST 31/12/2018
LIABILITIES		
Long -term borrowings	1,356,779	1,279,974
Other non-current liabilities	14,915	13,970
Total Non-Current Liabilities	**1,371,695**	**1,293,944**
Short-term borrowings	70,795	10,795
Other current liabilities	59,332	67,272
Total Current Liabilities	**130,127**	**78,067**
TOTAL LIABILITIES	**1,501,821**	**1,372,011**

In addition to the above liabilities, the Company would be transferred all the commitments of Beni Stabili constituting off-balance sheet commitments and, more generally, would be transferred all liabilities or obligations of Beni Stabili.

Provisional net asset value

On the basis indicated above, the book value of the net assets contributed by Beni Stabili to the Company pursuant to the Merger at the Effective Date of the Merger would amount, by way of illustration, to:

- the net book value of the contributed assets: Eur 3,215,098,689, and
- the net book value of the contributed liabilities: Eur 1,372,011,076, that is:
- EUR 1,843,087,613.

Given that the exact amount of the final net asset value of Beni Stabili will only be known after the Effective Date and in absence of a guarantee as to the amount of the final net asset value transferred to the Company, it has been decided, by common agreement of the Parties, that the provisional net asset value retained for the purpose of the Merger will be equal to the sum of the net asset value based on the Estimated Accounts (i.e. EUR 1,843,087,613) to which a 25% discount will be applied. Therefore, the provisional net asset value retained for the purpose of the Merger will be equal to EUR 1,382,315,710 (the "**Provisional Net Asset Value**").

Determination of the final net asset value of Beni Stabili as of the Effective Date

In order to determine the final net asset value of Beni Stabili as at the Effective Date (the "**Final Net Asset Value**"), the Company will establish a balance sheet of Beni Stabili as of 31 December 2018 (the "**Definitive Accounts**"). The Definitive Accounts will be approved by the competent bodies of the Company and will show the Final Net Asset Value. The difference between the Provisional Net Asset Value and the Final Net Asset Value will be treated as an adjustment to the Merger premium in accordance with the provisions of article 6 of the Merger Plan.

5. Consideration for the Merger

A. Capital Increase

(1) The assignment of the shares of the Company to the holders of the shares of Beni Stabili will be carried out through a capital increase of the Company of a maximum of 9,478,728 shares issued and allotted with a par value of EUR 3 per share (based on (i) an exchange ratio of 8.5 shares of the Company for 1,000 shares of Beni Stabili (the "**Merger Exchange Ratio**") subject to a possible adjustment of the Merger Exchange Ratio in accordance with the details set forth below, (ii) a maximum number of 205,423,172 shares of Beni Stabili that may be issued before the Effective Date as a consequence of the conversion of the Convertible Bonds and based on the conversion price in effect as of 19 July 2018 (as may be adjusted in accordance with the terms and conditions of the Convertibles Bonds), and (iii) without taking into account a possible capital increase of

Beni Stabili before the Effective Date in accordance with the provisions set forth in paragraph (4) below).

(2) The Merger Exchange Ratio has been determined by the boards of directors of the Company and of Beni Stabili based on the valuation methods described in Schedule 1 and on a fully-diluted basis, taking into account a maximum number of shares equal to 78,273,034 for the Company and 2,475,015,975 for Beni Stabili, as set out in Schedule 9 of the Merger Plan.

(3) In determining the Merger Exchange Ratio, the boards of directors of the Company and of Beni Stabili have also considered that the Company and/or Beni Stabili (as applicable) may take any of the following actions without triggering an adjustment of the Exchange Ratio: (i) the Company shall be entitled to grant new free shares up to a maximum number of 151,455 shares, (ii) the Company shall be entitled to issue new shares to allow conversion of the ORNANEs, (iii) Beni Stabili (or the Company where the withdrawals should be settled after the Effective Date) shall be entitled to purchase as many of its own shares (or the own shares offered in exchange where the withdrawals should be settled after the Effective Date) for which withdrawal rights will have been exercised as may be required to complete the liquidation procedure under applicable Law, (iv) Beni Stabili shall be entitled to issue new shares to allow the conversion of the Convertible Bonds in accordance with the relevant terms and conditions, and (v) the Company shall be entitled to issue shares, equity instruments or other instrument giving access to the share capital or voting rights of the Company with no preferential subscription rights attached to each share of the Company in accordance with and subject to the terms and conditions of the financial authorizations granted as of the date hereof to the board of directors of the Company by its shareholders' meeting, up to an aggregate maximum number of securities corresponding to 10% of the share capital of the Company as of the date of the Merger Plan taking also into account all the shares, equity instruments or other instruments possibly issued under paragraph (4) below.

(4) In determining the Merger Exchange Ratio, the boards of directors of the Company and of Beni Stabili have also considered that the Company and Beni Stabili shall also be entitled to issue shares, equity instruments or other instrument giving access to the share capital or voting rights of the Company or Beni Stabili, as the case may be, with a preferential subscription right attached to each share of the Company or Beni Stabili, as the case may be (rights' issue), up to an aggregate maximum number of securities corresponding to 10% of the share capital of Beni Stabili or of the Company (as applicable) as of the date of the Merger Plan, and, where referred to the Company, taking also into account all the shares, equity instruments or other instruments possibly issued under paragraph (3)(v) above, provided that:

(I) in the event of an issuance of shares in accordance with paragraph (4) above (rights issue) of the Company, the Merger Exchange Ratio shall then be adjusted to provide the holders shares of Beni Stabili with the same economic effect as contemplated by the Merger Plan prior to such event, by automatically amending the Merger Exchange Ratio as follows:

$$Z = 8.50 \text{ x } S / Tfdr$$

Where:

"Z" shall be the recalculated Merger Exchange Ratio (i.e. the number of shares of the Company that each shareholder of Beni Stabili will receive in exchange for 1,000 shares of Beni Stabili);

"S" shall mean the last price of the shares of the Company on Euronext Paris prior to the public announcement of the rights issue;

"Tfdr" shall mean the theoretical ex-rights price of the shares of the Company ;

and

(II) in the event of an issuance of shares in accordance with paragraph (4) above (rights issue) of Beni Stabili, the Merger Exchange Ratio shall then be automatically adjusted as per the formula described under paragraph (6) below, in which case the "Dbs" component of the formula (as defined below) shall be replaced by the theoretical value of the right, as calculated based on (i) the last price of the shares of Beni Stabili prior to the announcement of the capital increase, minus (ii) the theoretical ex-rights price (TERP).

(5) The Company and Beni Stabili have already paid to their respective shareholders the dividend relating to the financial year 2017 and this payment has been considered for the purposes of the Merger Exchange Ratio's determination.

(6) In compliance with the requirements of the SIIQ regime, before the Effective Date, Beni Stabili may pay an interim dividend for the financial year 2018 pursuant to Art. 2433-*bis* of the Italian Civil Code. In this event, the Merger Exchange Ratio shall be adjusted to provide the holders of shares of the Company or of shares of Beni Stabili, as the case may be, with the same economic effect as provided under this Merger Plan prior to such event, by amending automatically the Merger Exchange Ratio as follows:

$$Z = [S \times 8.50/1000 - Dbs] / [S/1000]$$

Where:

i. "Z" shall be the recalculated Merger Exchange Ratio (i.e. the number of shares of the Company that each shareholder of Beni Stabili will receive in exchange for 1,000 shares of Beni Stabili);

ii. "S" shall mean an amount of Eur 83.80, corresponding to the closing price of Eur 88.30 for shares of the Company on Euronext on 19 April 2018 minus the 2017 dividend of Eur 4.50 per share of the Company;

iii. "Dbs" total amount of dividend or other distribution (before any applicable withholding tax) per share of Beni Stabili paid or payable by Beni Stabili prior to the Effective Date (excluding the 2017 dividend already paid as of the date hereof).

(7) No particular difficulty was encountered in preparing the valuation of the assets and liabilities transferred to the Company when determining the Exchange Ratio.

B. Fractional entitlements to transferee shares

Any shareholder of Beni Stabili who, irrespective of any sale or purchase of shares of Beni Stabili before the Effective Date, does not hold a sufficient number of shares of Beni Stabili to receive a whole number of new shares of the Company (the "**Fractional Entitlements to Transferee Shares**"), will be entitled - pursuant to a procedure consistent with applicable law - to receive, in addition to the whole number of shares of the Company resulting from the Merger Exchange Ratio, a cash consideration as a settlement for such Fractional Entitlements to Transferee Shares, the amount of which shall be determined by the intermediaries in accordance with applicable law.

Without prejudice to the foregoing, only whole shares of the Company will be issued and allotted in connection with the Merger and the Company will deliver only whole shares to Beni Stabili's shareholders. Beni Stabili's shareholders who will hold, on the Effective Date, a number of shares of Beni Stabili not giving right to receive a whole number of new shares of the Company, shall be deemed to have expressly agreed to take part in the process of sale of the newly issued Company shares corresponding to such Fractional Entitlements to Transferee Shares as described hereafter.

With a view to procure the funds to settle the Fractional Entitlements to Transferee Shares, it is proposed to you to approve a global sale of the newly issued shares of the Company which would not have been allocated and which would correspond to the Fractional Entitlements to Transferee Shares, upon expiry of a thirty (30) day period following the latest date of recording into the registers of the whole share(s) allocated to the relevant shareholders. The sale of the newly issued Company's shares shall take place on Euronext Paris through a financial intermediary listed under paragraphs 2 to 7 of article L. 542-1 of the French monetary and financial code. Such financial intermediary will be appointed to facilitate the payment of the net amount resulting from the sale of the newly issued ordinary shares corresponding to the Fractional Entitlements to Transferee Shares to the benefit of the relevant shareholders of Beni Stabili (notably the amount shall be net of any trading fees and any other fees which would relate to the sale of the newly issued ordinary shares corresponding to the Fractional Entitlements to Transferee Shares). The intermediary so appointed shall sell such newly issued shares of the Company on the regulated market Euronext Paris on behalf of shareholders of Beni Stabili taking part into this process, who shall in turn receive the net profit resulting from such sale *pro-rata* their stake in the mechanism. For the avoidance of doubt, no interest shall be paid in relation to the cash payment to be received by the relevant shareholders of Beni Stabili from the proceeds of the sale of the newly issued ordinary shares of the Company corresponding to the Fractional Entitlements to Transferee Shares, even in case of late payment of such amount.

C. Merger premium / Adjustment of the merger premium

The amount of the merger premium is equal to the difference between (a) the portion of the net asset value transferred by universal succession to the Company corresponding to the shares of Beni Stabili which are not held by the Company (excluding the book value of the treasury shares held by Beni Stabili) and (b) the nominal value of the share capital increase of the Company (the "**Merger Premium**").

The estimated Merger Premium amounts to Eur 525,872,414 based on (i) the portion of the Provisional Net Asset Value, and (ii) a capital increase of the Company of a maximum of 9,478,728 shares issued and allotted with a par value of EUR 3 per share (considering (i) a Merger Exchange Ratio of 8.5 shares of the Company for 1,000 shares of Beni Stabili subject to a possible adjustment of the Merger Exchange Ratio in accordance with the provisions of the Merger Plan, (ii) a maximum number of 205,423,172 shares of Beni Stabili that may be issued before the Effective Date upon the conversion of the Convertible Bonds based on the conversion price in effect as of 19 July 2018 (as may be adjusted in accordance with the terms and conditions of the Convertible Bonds), and (iii) without taking into account a possible capital increase of Beni Stabili before the Effective Date in accordance with the provisions set forth in paragraph 5(4)).

The difference between the Provisional Net Asset Value (i.e. EUR 1,382,315,710, based on the Estimated Accounts and subject to a 25% discount) and the final net asset value will result in an adjustment of the Merger Premium, which final amount will also depend on the portion of the final net asset value transferred as of the Effective Date and the final amount of the share capital increase of the Company.

It is proposed to you to resolve on the provisional amount of the Merger Premium and to grant the Board of Directors, with the option to sub-delegate, all powers to record the definitive amount of the Merger Premium on the Merger Effective Date.

It is also proposed to you that you authorize the Board of Directors (with the option to sub-delegate) to:

- deduct from the amount of the Merger Premium the necessary amounts corresponding to 10% of the nominal amount of the capital increase to be added to the legal reserve, if necessary;
- deduct from the Merger Premium any undisclosed or omitted liability in relation to the assets of Beni Stabili transferred to the Company; and
- charge to the merger premium account all costs and expenses of whatever nature resulting from the completion of the merger, it being specified that the balance of the merger premium may be allocated at any time in accordance with the rules in force decided by the General Meeting.

D. Boni/Mali de fusion

The Merger gain/loss will be equal to the difference between (a) the portion of the Final Net Asset Value (excluding the book value of the treasury shares held by Beni Stabili) corresponding to the shares of Beni Stabili held by the Company as of the Effective Date and (b) the net book value of the shares of Beni Stabili held by the Company as of the Effective Date.

6. Effects of the Merger on Convertible Bonds

As a legal effect of the Merger and in accordance with Article L. 228-101 of the French commercial code, the Company shall undertake all the obligations in respect of the Convertible Bonds for which the conversion right has not been exercised prior to the Effective Date and, as from the Effective Date, the Convertible Bonds may be converted into shares of the Company.

The terms and conditions of the Convertible Bonds (the "**Conditions**") are available on Beni Stabili's website (www.benistabili.it).

In this context, Beni Stabili has appointed an independent financial advisor (the "**Independent Financial Advisor**") to carry out certain activities which, amongst other things, are necessary (but not in and of themselves sufficient) for the Merger to qualify as a "permitted reorganisation" under the Conditions. The Independent Financial Advisor shall be in charge, *inter alia*, to determine (i) the appropriate conversion price which will be applicable to the conversion of the Convertible Bonds into ordinary shares of the Company following the consummation of the Merger (the "**Initial Transferee Company Conversion Price")**, and (ii) if the other changes made to the Conditions in the context of the Merger are appropriate.

On the basis of the Merger Exchange Ratio and subject to the possible adjustment of the Merger Exchange Ratio, the Independent Financial Advisor has determined that it would be appropriate to determine the Initial Transferee Company Conversion Price in the Conditions, as amended and restated upon the effectiveness of the Merger (the "**Restated Conditions**"), as follows:

Initial Transferee Company Conversion Price = ACP × XR

Where:

> **"ACP"** means the applicable conversion price immediately before consummation of the Merger (as may be adjusted prior to the Effective Date in accordance with the Conditions); and
>
> **"XR"** means 1000/8.5 (as such fraction may be adjusted in case of an adjustment of the Merger Exchange Ratio in accordance with the Merger Plan)

Due to the manner in which the Restated Conditions may be drafted, it may be necessary to also determine a further conversion price (the "**Alternative Change of Control Price**") which would apply during a period equal to the "Change of Control Period" (as defined in the Conditions), and which would need to be determined pursuant to the formula set out in Condition 6(b)(x) but assuming for this purpose that:

- COCCP means the Alternative Change of Control Price; and
- OCP means the Initial Transferee Company Conversion Price.

Whilst the Independent Financial Advisor has not seen a draft of the Restated Conditions, in principle, he believes that in the event the Restated Conditions include the concept of an Alternative Change of Control Price which would apply during a period equivalent to the "Change of Control Period", the approach set out in the preceding paragraph for the calculation of the Alternative Change of Control Price would be appropriate.

By way of illustration, and based on the current Merger Exchange Ratio and on the conversion price in effect as of the date hereof (EUR 0.9736):

- the Initial Transferee Company Conversion Price would be EUR 114.5411; and
- in the event an Alternative Change of Control Price is required to be determined as aforesaid and the date on which the Change of Control (as defined in the Conditions) occurs were to be the Effective date, such Alternative Change of Control Price would be EUR 101.9655.

The Merger will also trigger a "Change of Control" within the meaning of the Conditions and therefore, bondholders will be entitled to put one or more of their Convertible Bonds requiring the Company to redeem them on the 14th calendar day after the expiry of the Change of Control Period, unless an Independent Financial Advisor issues and delivers a confirmation opinion stating that the Change of Control is not, in its opinion, materially prejudicial to the interest of the bondholders (provided that, for the avoidance of doubt, the Parties intend to appoint such Independent Financial Advisor in order to have delivered, as the case may be, such confirmation opinion).

The current conversion price of the Convertible Bonds may be adjusted until the Effective Date in accordance with Condition 6(b). As from the Effective Date, the Initial Transferee Company Conversion Price will also be subject to possible adjustments in accordance with the terms and conditions which will be provided in the Restated Conditions.

Notwithstanding the foregoing, the Conditions provide that:

- Beni Stabili (and, after the Effective Date, the Company, subject to the terms and conditions of the Restated Conditions) may, upon the exercise of a conversion right, make an election to pay a "Cash Alternative Amount" (as defined in the Conditions) instead of delivering shares;

- the delivery date of shares shall be (i) the last dealing day of a month if the conversion notice is delivered on or before the 15th calendar day of that month, or (ii) the 10th dealing day of the calendar month immediately following the calendar month in which the conversion notice is delivered if the conversion notice is delivered from the 16th calendar day up to and including the last calendar day of a month. As a result, any conversion notice delivered as from 16 December 2018 will give rise to the delivery of shares of the Company (subject to (i) the other terms and conditions of the Conditions, including the "Cash Alternative Election", and (ii) the terms and conditions of the Restated Conditions).

7. <u>Beni Stabili's shareholders withdrawal right</u>

Within 15 days from the registration of the minutes of the extraordinary shareholders' meeting of

Beni Stabili approving this Merger Plan, shareholders of Beni Stabili who did not contribute to the approval of this Merger Plan will be entitled to exercise their withdrawal right from Beni Stabili pursuant to:

(i) article 2437, paragraph 1, letter (c) of the Italian Civil Code, given that, as a consequence of the Merger, Beni Stabili's registered office is to be transferred outside Italy;

(ii) article 5 of Legislative Decree 108/2008, given that the Company is subject to the laws of a country other than Italy (*i.e.* French law).

Notice of the registration will be published in accordance with the Italian laws, including on Beni Stabili's web-site.

The redemption price payable to shareholders, calculated in accordance with the criteria set out in article 2437-ter of the Italian Civil Code, is Eur 0.7281 for each share of Beni Stabili in relation which the withdrawal rights will be exercised (the "**Redemption Price**"). The Redemption Price is equivalent to the arithmetic average of the daily closing price (as calculated by Borsa Italiana S.p.A.) of the ordinary shares of the Beni Stabili for the six-month period prior to the date of the publication of the notice for convening Beni Stabili shareholders' meeting. The Redemption Price will be received through the relevant depositaries of the withdrawing shareholders.

From the date of receipt of a withdrawal notice from shareholders of Beni Stabili in accordance with article 2437-*bis* of the Italian Civil Code, those shareholders will not be entitled to exercise the economic rights relating to the shares for which the withdrawal has been exercised (including, for the avoidance of doubt, the right to dividends, interim dividends and distributions resolved and paid the withdrawal).

The effectiveness of a withdrawal and the payment of the Redemption Price is subject to the satisfaction of (or, to the extent legally permissible, waiver to) the Conditions Precedent set forth in paragraphs 3 (i) to (iv) above, being understood that the transfer of the withdrawing shareholders' shares will be carried on the date of payment of the Redemption Price, in accordance with the modalities described below.

Pursuant to article 2437-*quater* of the Italian Civil Code, Beni Stabili shares on which the withdrawal right is exercised will be offered in priority (through an option or preemption right) to the other shareholders of Beni Stabili proportionally to the number of shares held by each of them, as well as to the holders of Convertible Bonds based on the Merger Exchange Ratio. If the shareholders of Beni Stabili and/or the holders of Convertible Bonds, as the case may be, have not acquired all of the shares for which a withdrawal right has been exercised, Beni Stabili will be entitled, at its discretion, to offer the remaining shares to third parties in accordance with the applicable laws. In accordance with the applicable laws and regulations, Beni Stabili also reserved the right, at its discretion, to negotiate purchase commitments of the shares by third parties (including shareholders, banks or financial intermediaries), possibly also after completion of the settlement procedure for the shares of withdrawing shareholders, in any event prior to the Effective Date. Any shares remaining unsold will be either purchased by Beni Stabili prior to the Effective Date (without prejudice to the possible sale of the shares prior to the Effective Date) and/or by the Company after the Effective Date in accordance with the law, in any case without prejudice to any third parties' purchase' commitments.

Subject to the satisfaction (or waiver, to the extent legally permissible) of the Conditions Precedent described in paragraphs 3 (i) to (iv) above, the cash liquidation of the Beni Stabili shares for which the withdrawal right is exercised will be carried out as follows:

(i) if all of the shares are purchased (a) by other shareholders of Beni Stabili (other than the Company) and/or by holders of Convertible Bonds by exercising their option and/or pre-emption rights, and/or (b) by any third parties, then the Redemption Price shall be paid in favour of all the withdrawing shareholders within the Effective Date;

(ii) otherwise, if a portion of the shares remains unsold after the offers in option and/or pre-emption and/or in favour of third parties, Beni Stabili and the Company reserve the right, to the extent applicable, to provide that the Redemption Price is paid in favour of all withdrawing shareholders in two tranches, the first of which shall be paid before the Effective Date, while the second of which shall be paid after the Effective Date, in any case proportionally to the number of shares in relation to which the withdrawal right has been exercised, in any event without prejudice to any third parties' purchase' commitments.

8. <u>Consequences of the Merger for shareholders, employees and creditors</u>

A. <u>Consequences for shareholders</u>

The impact of the capital increase resulting from the Merger for the holder of 1% of the Company's share capital before the Merger (based on (i) an exchange ratio of 8.5 Company shares for 1,000 Beni Stabili shares (subject to a possible adjustment of the Merger Exchange Parity in accordance with the provisions of the Merger Plan, (ii) the number of Beni Stabili shares held by the Company and by Beni Stabili on the date of the Merger Plan, and (iii) without taking into account a potential capital increase of Beni Stabili or the Company before the Effective Date) is as follows:

	Percentage held on a non-diluted basis	Percentage held on a diluted basis(*)
Before the capital increase resulting from the Merger	1%	0,962%
After the capital increase resulting from the Merger and without taking into account the Beni Stabili shares which may be issued before the Effective Date as a result of the Convertible Bonds	0,907%	0,875%
After the capital increase resulting from the Merger and taking into account a maximum of 205,423,172 Beni Stabili shares likely to be issued before the Completion Date as a result of the Convertible Bonds	0,888%	0,858%

(*)Taking into account (i) the outstanding free shares allocated but not vested on 30 June 2018 (i.e. 488,367 free shares) and (ii) the shares which may be issued upon the reimbursement of the ORNANE.

B. Impact of the Merger on the employees of the Company

The Merger is not expected to have a significant impact on employment.

The works council of the Economic and Social Union of Foncière des Regions was informed and consulted on the Merger project and gave a favourable opinion on the Merger project on 23 May 2018.

Beni Stabili and the Company will also begin the consultation and information procedures of works councils required under Italian law by Article 47 of Law No. 428/1990, which will be completed before the Effective Date.

C. Impact of the Merger on the creditors of the Company

It is specified, for the avoidance of doubt, that the Company's creditors (who are not bondholders) whose claim is prior to the publication of the Merger Plan may file an opposition under the conditions provided for in Article L. 236-14 of the French Commercial Code.

In accordance with Article L. 236-15 of the French Commercial Code, the general meeting of bondholders may grant a mandate to the representatives of the group to oppose the Merger under the conditions provided for in Article L. 236-14 of the French Commercial Code.

In accordance with legal provisions, an opposition filed by a creditor will not have the effect of prohibiting the continuation of the Merger operations.

D. Impact of the Merger on Beni Stabili's creditors

In accordance with the provisions of Article 2503 of the Italian Civil Code, Beni Stabili's creditors (including bondholders) may object to the Merger within 60 days following the date of registration of the resolutions of the extraordinary general meeting of Beni Stabili approving the Merger Plan with the register of companies of Rome.

For the purposes of Article 2503-bis, paragraph 1, of the Italian Civil Code, no special meeting of bondholders shall be convened by the board of directors of Beni Stabili to approve the Merger.

II. Change of corporate name and subsequent amendment of article 2 of the articles of association (5th resolution)

Foncière des Régions has significantly evolved since its creation twenty years ago. Although it has been historically focused on France and office, the Company is now operating at the heart of the major European cities, on several categories of real estate assets, and acts as a global operator all along the real estate work chain.

Therefore the Company has decided to make its identity evolve and its brand, who became "Covivio". In order to make the identity and the brand consistent with each others, it is proposed, through the vote of the 5th resolution, that you adopt "Covivio" as the new corporate name of the Company and subsequently amend article 2 of the articles of association.

III. Amendment of articles 8.2, 25.3 and 25.4 of the articles of association (6th resolution)

It is proposed that, in the context of the 6th resolution, you amend articles 8.2, 25.3 and 25.4 of the articles of association of the Company in order to take into consideration the provisions governing the tax regime of the real estate investment companies in Spain "SOCIMI".

In a manner similar to the "SIIC" regime in France, the Spanish SOCIMI tax exoneration regime provides for the application of the withholding on the distribution of dividends paid to shareholders who hold directly or indirectly a certain percentage in the distributing company and who do not provide evidence that they are subject to a minimum tax rate on such dividends.

The articles of association of the Company, which already set forth provisions relating to the 20% withholding application mechanism provided by the SIIC regime, will be amended to take into consideration the 19% withholding provided by the SOCIMI regime which is applicable to the shareholders (either natural or legal persons) (i) who hold directly or indirectly at least 5% of the dividend rights of the distributing SOCIMI and (ii) who do not provide evidence that they are subject to a tax rate of at least 10%.

In a manner similar to the 20% withholding, an indemnification mechanism of the distributing company by the shareholder liable for the withholding is implemented.

In order to avoid the application of this 19% withholding, the shareholders will have to communicate before the dividend distribution by the SOCIMI a certificate of residence and a certificate evidencing that the dividends received are subject to a tax rate of at least 10%.

Articles	Former drafting	Revised drafting
Article 8.2	**8.2** Any shareholder other than a natural person who comes to hold, directly or through entities that he controls pursuant to Article L. 233-3 of the French Commercial Code, a percentage of rights to Company dividends at least equal to that mentioned in Article 208 C II ter of the French General Tax Code (a "**Concerned Shareholder**") must register all the shares that he owns in registered form and ensure that the entities he controls under Article L. 233-3 of the French Commercial Code register all their shares in registered form. Any Concerned Shareholder who has not performed these obligations at the latest on the second working day prior to a General Meeting shall have the voting rights he holds, either directly or via entities he controls under Article L. 233-3 of the French Commercial Code, capped at a tenth (1/10) of the number of shares that they hold, respectively, at the relevant General Meeting. The Concerned Shareholder referred to above shall recover all of the voting rights attached to the shares he holds, directly or via entities he controls under Article L. 233-3 of the French Commercial Code, at the following General Meeting, provided that he regularises his situation by registering all the shares he holds, directly or via entities he controls within the meaning of Article L. 233-3 of the French Commercial Code, in registered form, by the second working day prior to this General Meeting.	**8.2** (i) Any shareholder other than a natural person who comes to hold, directly or through entities that it controls pursuant to Article L. 233-3 of the French Commercial Code, a percentage of rights to Company dividends at least equal to that mentioned in Article 208 C II ter of the French General Tax Code; and (ii) any shareholder who indirectly holds, through the Company, a percentage of the share capital or dividend rights of listed real estate investment companies in Spain (the "**SOCIMI**") at least equal to that referred to in Article 9.3 of Law 11/2009 of the Kingdom of Spain dated 26 October 2009 (the "**Law 11/2009**"); (together a "**Concerned Shareholder**") must register all the shares of the Company that it owns in registered form and ensure that the entities it controls under Article L. 233-3 of the French Commercial Code register all their shares of the Company in registered form. Any Concerned Shareholder who has not performed these obligations at the latest on the second working day prior to a General Meeting shall have the voting rights it holds, either directly or via entities it controls under Article L. 233-3 of the French Commercial Code, capped at a tenth (1/10) of the number of shares that they hold, respectively, at the relevant General Meeting. The Concerned Shareholder referred to above shall recover all of the voting rights attached to the shares of the Company it holds, directly or via entities it controls under Article L. 233-3 of the French Commercial Code, at the following General Meeting, provided that it regularises its situation by registering all the shares it holds, directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, in registered form, by the second working day prior to this General Meeting.
Article 25.3	**25.3** Any Concerned Shareholder whose own situation or whose situation of his partners makes the Company liable for the withholding (the "**Withholding**") as referred to in Article 208 C II ter of the French General Tax Code (a "**Shareholder subject to Withholding**") shall be	**25.3** Any Concerned Shareholder whose own situation or whose situation of its partners makes: (i) the Company liable for the withholding (the

	required to compensate the Company for the withholding due resulting from the distribution of dividends, reserves, premiums or "income deemed distributed" within the meaning of the French General Tax Code. Any Concerned Shareholder is assumed to be a Shareholder subject to Withholding. If he or she states that he or she is not a Shareholder subject to Withholding, he or she must prove this to the Company no later than five (5) business days prior to the payment of distributions by providing a satisfactory legal opinion without reservations, issued by an internationally renowned law firm with recognised expertise in French tax law, certifying that he or she is not a Shareholder subject to Withholding and that the distributions paid to him do not make the Company liable for the Withholding. If the Company holds, directly or indirectly, a percentage of dividend rights at least equal to that set forth in Article 208 C II ter of the French General Tax Code or more than one or several listed real estate investments companies mentioned in Article 208 C of the French General Tax Code (a "**Subsidiary SIIC**"), and if the Subsidiary SIIC, because of the situation of a Shareholder subject to Withholding, has paid the Withholding, then the Shareholder subject to Withholding shall, as applicable, compensate the Company either for the amount paid as compensation by the Company to the Subsidiary SIIC for the payment of the Withholding by the Subsidiary SIIC or, if there has been no compensation of the Subsidiary SIIC by the Company, for an amount equal to the Withholding paid by the Subsidiary SIIC multiplied by the percentage of the Company's dividend rights in the Subsidiary SIIC, so that the other shareholders of the Company do not bear economically any portion of the Withholding paid by any of the SIICs in the chain of stakeholdings due to the Shareholder subject to Withholding (the "**Additional Compensation**"). The amount of the Additional Compensation will be paid by each of the Shareholders subject to Withholding proportionately to their respective dividend	"**Withholding**") as referred to in Article 208 C II ter of the French General Tax Code; or (ii) the SOCIMI, whose share capital is held directly or indirectly by the Company, liable for the Spanish withholding (the "**Spanish Withholding**") referred to in article 9.3 of the Law 11/2009; (a "**Shareholder Subject to Withholding**") shall be required to compensate the Company for the Withholding and/or the Spanish Withholding due resulting from the distribution by the Company or the SOCIMI, whose share capital is held directly or indirectly by the Company, of dividends, reserves, premiums or "income deemed distributed" within the meaning of the French General Tax Code or the Law of the Kingdom of Spain 27/2014 of 27 November 2014 on corporate tax, respectively, under the conditions of article 9.3 above. Any Concerned Shareholder is assumed to be a Shareholder Subject to Withholding. If it states that it is not a Shareholder Subject to Withholding, he or she must provide to the Company, upon the latter's request: (i) for the purpose of the Withholding, no later than five (5) business days prior to the payment of distributions by providing a satisfactory legal opinion without reservations, issued by an internationally renowned law firm with recognised expertise in French tax law or the country of residence of the Concerned Shareholder, certifying that he or she is not a Shareholder Subject to Withholding, that he or she is the beneficial owner of the dividends and that the distributions paid to him or her do not make the Company liable for the Withholding; (ii) for the purpose of the Spanish Withholding, no later than five (5)

	rights divided by the total dividend rights of the Shareholders subject to Withholding. The Company shall be entitled to net out the compensation receivable from any Shareholder subject to Withholding with the sums to be paid by the Company for his benefit. Thus, the sums withheld on the Company's profits which are exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code and which must, for each share held by said Shareholder subject to Withholding, be paid to him pursuant to the aforementioned distribution decision or buyback of shares, will be reduced by the amount of the Withholding due by the Company for the distribution of these sums and/or the Additional Compensation. The amount of any compensation owed by a Shareholder subject to Withholding shall be calculated in such a manner that, after payment thereof and taking into account any specific tax regime that may be applicable to it, the Company will be placed in the same situation as if the Withholding had never become payable. The Company and the Concerned Shareholders must cooperate in good faith to ensure that all reasonable measures are taken to limit the amount of Withholding due or to become due and the compensation arising or that could arise therefrom.	business days prior to the payment of distributions by the SOCIMI whose share capital is held directly or indirectly by the Company, a certificate of tax residence issued by the competent authority of the country in which the Concerned Shareholder declares to be resident and, no later than five (5) business days prior to the payment of the distributions, a satisfactory and unconditional opinion certifying that it is not a Shareholder with a Spanish Withholding and that the distributions paid by the SOCIMI, whose share capital is held directly or indirectly by the Company, do not give rise to the payment of the Spanish Withholding in respect of their stakeholding in the Company. If (a) the Company holds, directly or indirectly, a percentage of dividend rights at least equal to that set forth in Article 208 C II ter of the French General Tax Code or more than one or several listed real estate investments companies mentioned in Article 208 C of the French General Tax Code (a "**Subsidiary SIIC**"), or (b) the Company holds, directly or indirectly, a percentage of the share capital or dividend rights at least equal to that referred to in article 9.3 of the Law 11/2009 of one or several SOCIMI, and if the Subsidiary SIIC or said SOCIMI, because of the situation of a Shareholder Subject to Withholding, has paid the Withholding or the Spanish Withholding, then the Shareholder Subject to Withholding shall, as applicable, compensate the Company either for the amount paid as compensation by the Company to the Subsidiary SIIC or the concerned SOCIMI for the payment of the Withholding by the Subsidiary SIIC or the Spanish Withholding by the SOCIMI or, if there has been no compensation of the Subsidiary SIIC or the SOCIMI by the Company, for an amount equal to the Withholding paid by the Subsidiary SIIC ~~**multiplied by the percentage of the Company's dividend rights in the Subsidiary SIIC**~~ or to the Spanish Withholding paid by the concerned SOCIMI, so that the other shareholders of the Company do not bear economically any portion of the Withholding or the Spanish Withholding respectively paid by any of the SIIC or the SOCIMI in the chain of stakeholdings due to the Shareholder Subject to Withholding (the

		"**Additional Compensation**"). The amount of the Additional Compensation will be paid by each of the Shareholders Subject to Withholding proportionately to their respective dividend rights divided by the total dividend rights of the Shareholders Subject to Withholding. The Company shall be entitled to net out the compensation receivable from any Shareholder Subject to Withholding with the sums to be paid by the Company for its benefit. ~~**Thus, the sums withheld on the Company's profits which are exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code and which**~~ Thus, the sums distributed by the Company must, for each share held by said Shareholder Subject to Withholding, be paid to him pursuant to the aforementioned distribution decision or buyback of shares, will be reduced by the amount of the Withholding or the Spanish Withholding due by the Company or the SOCIMI for the distribution of these sums and/or the Additional Compensation. The amount of any compensation owed by a Shareholder Subject to Withholding shall be calculated in such a manner that, after payment thereof and taking into account any specific tax regime that may be applicable to it, the Company will be placed in the same situation as if the Withholding or the Spanish Withholding had not become payable. In particular, the indemnification shall include any taxes payable by the Company as compensation. The Company and the Concerned Shareholders must cooperate in good faith to ensure that all reasonable measures are taken to limit the amount of the Withholding or the Spanish Withholding due or to become due and the compensation arising or that could arise therefrom.
Article 25.4	**25.4** In the event where (i) subsequently to a distribution of dividends, reserves or premiums, or "income deemed distributed" pursuant to the French General Tax Code taken from the profits of the Company or of a Subsidiary SIIC exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code, it would appear that a	**25.4** In the event where (i) subsequently to a distribution of dividends, of reserves or premiums, or of "income deemed distributed" pursuant to the French General Tax Code ~~**taken from the profits of**~~ by the Company, or by a Subsidiary SIIC exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code or subsequently to a

	Shareholder was a Shareholder subject to Withholding on the date of payment of said sums and where (ii) the Company or the Subsidiary SIIC should have paid the Withholding on the sums so paid, without said sums being netted out as provided for in Article 25.3 above, the Shareholder subject to Withholding shall be required to pay the Company, as compensation for the loss incurred by it, an amount equal to the Withholding that should have been paid by the Company for each Company share he held on the date of payment of the distribution of dividends, reserves or premiums concerned and the amount of the Additional Compensation (the "**Compensation**"), as applicable. As the case may be, the Company will be entitled to net out, in the appropriate amount, the amount it shall be paid under the Indemnity with any sums that may subsequently become payable to this Shareholder subject to Withholding, without prejudice, as appropriate, to the prior application to said sums of the offset as provided for in paragraph 4 of Article 25.3 above. In the event where, after such an offset is made, the Company would not have been paid the amounts owed by Shareholder subject to Withholding under the Indemnity, the Company shall be entitled to net out again, in the appropriate amount, with any sums that may subsequently be payable to this Shareholder subject to Withholding until the final payment of said debt.	distribution by a SOCIMI, whose share capital is held directly or indirectly by the Company, within the meaning of Law 27/2014 of the Kingdom of Spain dated 27 November 2014 on corporate tax, it would appear that a Shareholder was a Shareholder Subject to Withholding on the date of payment of said sums and where (ii) the Company, the Subsidiary SIIC and/or said SOCIMI should have paid the Withholding or the Spanish Withholding on the sums so paid, without said sums **~~being netted out as provided for~~** having already been subject of the compensation referred to in article 25.3 above, the Shareholder Subject to Withholding shall be required to pay the Company, as compensation for the loss incurred by it, an amount equal to (a) the Withholding that should have been paid by the Company for each Company share it held on the date of payment of the distribution of dividends, reserves or premium concerned, (b) any loss suffered by the Company resulting from the payment of the Spanish Withholding by the SOCIMI, whose share capital is held directly or indirectly by the Company if such payment is attributable to the Concerned Shareholder and (c) the amount of the Additional Compensation (the "**Compensation**"), as applicable. As the case may be, the Company will be entitled to net out, in the appropriate amount, the amount it shall be paid under the Indemnity with any sums that may subsequently become payable to this Shareholder Subject to Withholding, without prejudice, as appropriate, to the prior application to said sums of the offset as provided for in paragraph 4 of Article 25.3 above. In the event where, after such an offset is made, the Company would not have been paid the amounts owed by Shareholder Subject to Withholding under the Indemnity, the Company shall be entitled to net out again, in the appropriate amount, with any sums that may subsequently be payable to this Shareholder Subject to Withholding until the final payment of said debt.

IV. Power for formalities (7th resolution)

The 7th resolution is a usual resolution regarding the granting of the powers required to carry out the publications and legal formalities related to this meeting.

*   *   *

Draft resolutions presented to you include the main points of this report. We think that this set of transactions is, under these circumstances, appropriate and we invite you to vote on, and approve, the text of the resolutions that we are submitting to you.

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The Board of Directors

<u>Schedule 1</u>
Methods used for the determination of the Merger Exchange Ratio

The Merger Exchange Ratio was established following a multi-criteria approach based on standard and appropriate valuation methodologies to Real Estate Investment Trusts.

1. Preliminary information

a. Merger Exchange Ratio

In the context of the Merger, Beni Stabili's shareholders will receive 8.5 new Foncière des Régions shares per 1,000 Beni Stabili shares (the « **Merger Exchange Ratio** », or the « **Exchange Ratio** »). The Merger Exchange Ratio was approved by the Boards of Directors of Beni Stabili and Foncière des Régions on 24 and 25 May 2018 respectively.

2. Sources of information

The bellow valuation analysis was based on the following sources:

- Foncière des Régions and Beni Stabili consolidated financial statements at 31 December 2017;
- Foncière des Régions and Beni Stabili annual reports for the fiscal year ended 31 December 2017;
- A preview of Foncière des Régions and Beni Stabili financial metrics for the half-year period ended 30 June 2018;
- The company presentations and company press releases available on Foncière des Régions and Beni Stabili websites;
- Market data sources: Bloomberg, S&P Capital IQ, FacSet, market analysts' research reports covering Foncière des Régions and Beni Stabili.

3. Methods used for the determination of the Merger Exchange Ratio

Methods used for the determination of the Merger Exchange Ratio:

- An analysis of the closing share prices for Foncière des Régions and Beni Stabili;
- An analysis of market analysts' target prices for both companies;
- The Net Asset Value and Triple Net Asset Value published at 31 December 2017, and subsequently also assessed as of 30 June 2018, by Foncière des Régions and Beni Stabili, in line with EPRA (European Public Real Estate Association) recommendations;
- An analysis of comparable companies' trading multiples;
- An analysis of comparable precedent transactions in the European real estate sector.

a. Foncière des Régions and Beni Stabili share prices analysis

Foncière des Régions shares are traded on the compartment A of Euronext Paris regulated market and are also included in the following market indexes: S.I.I.C FRANCE, SBF 120, CAC MID100, EPRA Europe MSCI, Euronext IEIF, GPR 250., FTSE4 Good, ASPI Eurozone® and DJSI World.

Beni Stabili shares are primarily traded on the MTA, organised and managed by Borsa Italiana S.p.A., and secondarily on Euronext Paris, and are included in the following market indexes: FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia Mid Cap, FTSE Italia All-Share Financials, and FTSE Italia Real Estate indexes.

Foncière des Régions and Beni Stabili's shares are regularly monitored by a fair number of market analysts, in addition to being exchanged in satisfactory trading volumes.

The share price parity is an essential reference to determining the Merger Exchange Ratio.

The Merger Exchange Ratio was analysed on the basis of the closing share prices for Foncière des Régions and Beni Stabili on 19 April 2018 (closing share price), the last unaffected share price date before the announcement of the beginning of the discussions between Foncière des Régions and Beni Stabili in connection with the potential merger, as well as the volume-weighted average share prices (VWAP) over a 1, 3, 6, 9 and 12 month period before that date.

The analysis of the closing share prices at 19 April 2018 shows the following exchange ratios:

Closing share price (19/04/2018) *(in € per share)*	Foncière des Régions Share Price	Beni Stabili Share Price	Implied Exchange Ratio	Prem. / (Disc.) Implied by the Exchange Ratio (8.5)
Closing Share Price cum-div[1]	88.3 €	0.730 €	8.3x	+2.8%
Closing Share Price ex-div	83.8 €	0.697 €	8.3x	+2.2%
1-Month VWAP[2]	89.2 €	0.694 €	7.8x	+9.4%
3-Month VWAP[2]	88.2 €	0.690 €	7.8x	+8.8%
6-Month VWAP[2]	89.0 €	0.720 €	8.1x	+5.0%
9-Month VWAP[2]	87.1 €	0.714 €	8.2x	+3.7%
12-Month VWAP[2]	86.1 €	0.692 €	8.0x	+5.7%
12 Month High	94.6 €	0.799 €	8.4x	+0.7%
12 Month Low	78.6 €	0.558 €	7.1x	+19.7%

Source : S&P Capital IQ

[1] Adjusted for fiscal year 2017 ordinary dividend of €4.50 per share for Foncière des Régions and €0.033 per share for Beni Stabili distributed on 15 and 7 May 2018 respectively

[2] Volume Weighted Average Price

b. Market analysts target prices :

Foncière des Régions and Beni Stabili's shares are regularly monitored by a fair number of research analysts. Share target prices are indicated in the tables below:

Foncière des Régions			**Beni Stabili**		
Date	**Analyst**	**Target Price**	**Date**	**Analyst**	**Target Price**
19/04/2018	AlphaValue	€104.0	13/04/2018	Societe Generale	€0.700
19/04/2018	Societe Generale	€94.0	13/04/2018	Mediobanca SpA	€0.770
19/04/2018	Citi	€96.1	13/04/2018	Equita SIM SpA	€0.790
09/04/2018	J.P. Morgan	€92.0	13/04/2018	Banca Akros(ESN)	€0.800
03/04/2018	Greenstreet	€95.5	13/04/2018	Invest Securities SA	€0.680
29/03/2018	Bank Degroof Petercam	€95.0	12/04/2018	J.P. Morgan	€0.760
13/03/2018	Morgan Stanley	€101.0	12/04/2018	Intermonte	€0.800
01/03/2018	Exane BNP Paribas	€95.0	03/04/2018	Citi	€0.830
28/02/2018	Kempen & Co	€94.0	01/03/2018	Exane BNP Paribas	€0.730
22/02/2018	Goldman Sachs	€103.5	09/02/2018	Goldman Sachs	€0.600
19/02/2018	Kepler Cheuvreux	€89.0	07/02/2018	Kempen & Co	€0.810
16/02/2018	Natixis	€88.0	07/02/2018	Kepler Cheuvreux	€0.830
15/02/2018	BAML	€87.4			
15/02/2018	ING	€91.0			
15/02/2018	Invest Securities	€88.0			
03/11/2017	HSBC	€88.0			
Minimum		**€87.4**	**Minimum**		**€0.600**
Average		**€93.8**	**Average**		**€0.758**
Maximum		**€104.0**	**Maximum**		**€0.830**

Source : Bloomberg as of 19 April 2018

This methodology implies a 8.1 exchange ratio, corresponding to an implied premium of +5.2% to the Merger Exchange Ratio (8.5).

(In € per share)	Foncière des Régions	Beni Stabili	Implied Exchange Ratio	Implied Prem. / (Disc.) to Exchange Ratio (8.5)
Average Analysts' Target Price	€93.8	€0.758	8.1x	+5.2%

c. EPRA (European Public Real Estate Association) Net Asset Value and EPRA Triple Net Asset Value for Foncière des Régions and Beni Stabili

The EPRA Net Asset Value (EPRA NAV) incorporates the market value of the property portfolio of the company (excluding duties) as appraised by independent experts on a half-yearly basis. The EPRA Triple Net Asset Value (EPRA NNNAV) incorporates in addition (i) the fair-value adjustments for hedging instruments, fixed-rate debt and for the Obligations Remboursables en Numéraire et en Actions Nouvelles et Existantes (ORNANE) instruments, as well as (ii) the deduction of deferred taxes on property assets.

The real estate portfolio held by Foncière des Régions was valued entirely on 31 December 2017[3] by independent real estate experts BNP Real Estate, Cushman & Wakefield, JLL Expertises, CBRE Valuation, VIF Expertise, CFE, DTZ Investors, REAG, YARD Valltech and Christie &Co. For the investment assets making up the company's various portfolios, the appraisers used the discounted cash flow method and the yield method (capitalisation of revenues).

The real estate portfolio held by Beni Stabili was valued on 31 December 2017 by independent real estate experts Duff & Phelps REAG, Jones Lang LaSalle and CBRE Valuation. Valuations were carried out for each property of Beni Stabili, using one or a combination of the following methodologies for each property: the comparative or market method; the income method, based on the direct capitalisation or the Discounted Cash Flow method; and the transformation method, developed through a forecast of economic feasibility of both revenues and development costs necessary to complete the real estate transaction.

The appraisals and valuations were completed in accordance with:

- The recommendations of the Barthès de Ruyter report on the valuation of real estate portfolios of listed/publicly traded companies, published in February 2000;
- The Charter for Expert Appraisal in Real Estate Valuation;
- The principles enshrined in the Code of Ethics for Listed Real Estate Investment Companies (SIICs) and by the Royal Institution of Chartered Surveyors RED BOOK 2014;
- The International Valuation Standards promoted by the International Valuation Standards Council (IVSC);
- The IAS/IFRS 40 and IFRS 13 standards.

[3] Except for assets purchased under promise, or recently acquired

i. The EPRA Net Asset Value (EPRA NAV)

Foncière des Régions and Beni Stabili EPRA NAV per share were €94.5 and €0.836 at 31 December 2017 respectively. After adjustment for the distribution of fiscal year 2017 ordinary dividends of €4.50 and €0.033 per share, they stood at €90.0 and €0.803 per share respectively.

The exchange ratio implied by Foncière des Régions and Beni Stabili EPRA NAV per share at 31 December 2017 was 8.9, adjusted for fiscal year 2017 ordinary dividends distribution of €4.50 for Foncière des Régions and €0.033 for Beni Stabili, corresponding to a (4.7%) discount of the Merger Exchange Ratio to the aforementioned EPRA NAV per share exchange ratio of 8.9.

Foncière des Régions and Beni Stabili EPRA NAV per share were €95.4 and €0.822 at 30 June 2018 respectively. The exchange ratio implied by Foncière des Régions and Beni Stabili EPRA NAV per share was 8.6, corresponding to a (1.4%) discount of the Merger Exchange Ratio to the aforementioned EPRA NAV per share exchange ratio of 8.6.

In € Millions	**Foncière des Régions**	**Beni Stabili**	**Implied Exchange Ratio**	**Prem. / (Disc.) Implied by the Exchange Ratio (8.5)**
Reported as of 31 December 2017				
EPRA NAV	7,112.0	1,896.9		
Fully diluted number of shares excluding Treasury Shares (in millions)	75.3	2,269.0		
EPRA NAV per share cum-div (€)	€94.5	€0.836	8.8x	(3.9%)
Fiscal Year 2017 Ordinary Dividend	(€4.50)	(€0.033)		
EPRA NAV per share ex-div (€)	€90.0	€0.803	8.9x	(4.7%)
Reported as of 30 June 2018				
EPRA NAV per share (€)	€95.4	€0.822	8.6x	(1.4%)

ii. The EPRA Triple Net Asset Value (EPRA NNNAV)

Foncière des Régions and Beni Stabili EPRA NNNAV per share were €86.3 and €0.825 at 31 December 2017 respectively. After adjustment for the distribution of fiscal year 2017 ordinary dividends of €4.50 and €0.033 per share, they stood at €81.8 and €0.792 per share respectively.

The exchange ratio implied by Foncière des Régions and Beni Stabili EPRA NNNAV at 31 December 2017 was 9.7, adjusted for the fiscal year 2017 ordinary dividend distribution of €4.50 for Foncière des Régions and €0.033 for Beni Stabili, corresponding to a (12.2%) discount of the Merger Exchange Ratio to the aforementioned EPRA NNNAV exchange ratio per share of 9.7.

Foncière des Régions and Beni Stabili EPRA NNNAV per share were €87.5 and €0.809 at 30 June 2018 respectively. The exchange ratio implied by Foncière des Régions and Beni Stabili EPRA NNNAV per share was 9.2, corresponding to a (8.1%) discount of the Merger Exchange Ratio to the aforementioned EPRA NAV per share exchange ratio of 9.2.

In € Millions	Foncière des Régions	Beni Stabili	Implied Exchange Ratio	Prem. / (Disc.) Implied by the Exchange Ratio (8.5)
Reported as of 31 December 2017				
EPRA NNNAV	6,492.0	1,871.3		
Fully diluted number of shares excluding Treasury Shares (in millions)	75.2	2,268.2		
EPRA NNNAV per share cum-div (€)	€86.3	€0.825	9.6x	(11.1%)
Fiscal Year 2017 Ordinary Dividend	(€4.50)	(€0.033)		
EPRA NNNAV per share ex-div (€)	€81.8	€0.792	9.7x	(12.2%)
Reported as of 30 June 2018				
EPRA NNNAV per share (€)	€87.5	€0.809	9.2x	(8.1%)

d. Analysis of comparable companies' trading multiples

Comparable companies analysis consists in comparing the valuations of Foncière des Régions and Beni Stabili implied by the Merger Exchange Ratio to the valuations implied by the application of a set of relevant companies trading multiples to reference financial metrics of Foncière des Régions and Beni Stabili commonly used in the real estate sector:

- The ratio between the share price and the EPRA NAV per share published at 31 December 2017 (premium / discount to latest reported EPRA NAV);
- The ratio between the share price and the EPRA NNNAV per share published at 31 December 2017 (premium / discount to latest reported EPRA NNNAV);
- The ratio between 2018 estimated recurring cash flow per share and the share price (recurring cash flow yield) ;
- The ratio between 2018 estimated dividend per share and the share price (dividend yield)

For Foncière des Régions, the set of selected comparable companies includes French listed companies with main activity in the office real estate sector, benefitting from the *Régime fiscal des Sociétés d'Investissement Immobilier Cotées* (SIIC) tax regime, with a sizeable free float and significant liquidity. The two selected peers are Gecina and Icade. Similarly to Foncière des Régions, Gecina and Icade have also an exposure to diversification activities, including German Residential for Gecina and Healthcare Properties for Icade.

Given the limited number of listed Italian real estate companies, the selected companies have been divided into two sets of peers, a Tier 1 peer set and a Tier 2 peer set.

The Tier 1 peer set includes Coima Res, the only Italian listed company with significant market capitalisation active in the office real estate sector. Coima Res benefits from the *Società di Investimento Immobiliare Quotate* (SIIQ) tax regime. Despite a limited free float, a low liquidity and a reduced market analysts' coverage, Coima Res can be considered Beni Stabili's main comparable company.

Alternatively, a Tier 2 set of peers including Colonial and Merlin Properties in Spain and Immobiliare Grande Distribuzione (IGD) in Italy was considered as well. Colonial, Merlin Properties and IGD are listed real estate companies and benefitting from the *Sociedades Anónimas Cotizadas de Inversión Inmobiliaria* (SOCIMI) tax regime for Colonial and Merlin Properties on one hand and from the *Società di Investimento Immobiliare Quotate* (SIIQ) tax regime for IGD on the other hand. Colonial and Merlin benefit from significant free float and satisfactory liquidity levels, although more limited for IGD. Colonial and Merlin have a geographic exposure to France and Spain, while Beni Stabili operates exclusively in Italy. These markets are driven by specific rental dynamics (strong expected rental growth in Spain, while growth prospects are more moderate in France and in Italy) impacting the portfolio value of the three companies, as well as their market capitalisation. Finally, Merlin Properties is a diversified real estate company with a limited exposure to office real estate accounting for around 50% of its portfolio value, while IGD is an exclusively Retail-oriented real estate company (shopping malls adjacent to supermarkets and hypermarket). As a result of these differences, the Tier 2 peer set was excluded from Beni Stabili valuation.

The comparable company analysis is based on 2018 estimated financial metrics of the selected companies established from a consensus of market analysts' financial forecast. The average multiples of the relevant peer sets implied from these calculations were applied to Foncière des Régions and Beni Stabili respective financial metrics (established from market analysts' consensus) in order to derive per share values.

i. Foncière des Régions

Foncière des Régions' peers average discount to EPRA NAV and EPRA NNNAV at 31 December 2017 was (7.7%) and (6.7%). These averages are weighted by the market capitalization of the company to take into account the sizes of the different companies in the peers sets. These discounts were applied to Foncière des Régions corresponding financial metrics in order to derive the implied value per Foncière des Régions share.

Similarly, the 4.9% weighted average of 2018 estimated recurring cash flow yield and the 4.6% weighted average of 2018 estimated dividend for were applied to the corresponding financial metrics of Foncière des Régions.

The below table summarized the implied per share value for Foncière des Régions based on the comparable companies methodology.

Trading Multiples - Foncière des Régions

Overview and Financial Profile for Foncière des Régions' Set of Comparable Companies

Company	Market Cap. (€ Bn)	Portfolio Value (€ Bn)	Reported LTV (%)	Free Float (%)
Gecina	10.3	19.6	41.0%	59.4%
Icade	5.9	10.8	42.4%	42.0%

Source: Company filings, S&P Capital IQ as of 19 April 2018

Comparable Companies Trading Multiples

Company	Share Price	Market Cap. (€ Bn)	LTV	Prem. / (Disc.) vs. NAV (%)	Prem. / (Disc.) vs. NNNAV (%)	Recurring Cash Flow Yield (%)		Dividend Yield (%)	
	(€)	*(€ Bn)*	*%*	*Latest Reported*	*Latest Reported*	*2018E*	*2019E*	*2018E*	*2019E*
Gecina	€140.00	10.3	41.0%	(7.1%)[4]	(6.8%)[4]	4.1%	4.4%	3.9%	4.0%
Icade	€79.30	5.9	42.4%	(8.7%)	(6.5%)	6.4%	6.8%	5.8%	6.1%
Weighted Average				**(7.7%)**	**(6.7%)**	**4.9%**	**5.3%**	**4.6%**	**4.8%**
Foncière des Régions	€88.30	6.6	40.4%	**(6.6%)**	**+2.3%**	**5.7%**	**6.0%**	**5.3%**	**5.4%**

[4] EPRA NAV and EPRA NNNAV at 31 December 2017 for Gecina adjusted for €2.65 ordinary quarterly dividend distributed 6 March 2018

Implied Valuation for Foncière des Régions

In € per Share	Foncière des Régions
EPRA NAV	
Reported by Foncière des Régions at 31 December 2017	94.50
Average of Peers Prem. / (Disc.) (%)	(7.7%)
Implied Value for Foncière des Régions	**87.24**
EPRA NNNAV	
Reported by Foncière des Régions at 31 December 2017	86.28
Average of Peers Prem. / (Disc.) (%)	(6.7%)
Implied Value for Foncière des Régions	**80.50**
Recurring Cash Flow Yield	
2018E (Based on Market Analysts' Consensus)	5.07
Peers Average Yield (%)	4.9%
Implied Value for Foncière des Régions	**102.69**
Dividend Yield	
2018E (Based on Market Analysts' Consensus)	4.61
Peers Average Yield (%)	4.6%
Implied Value for Foncière des Régions	**100.98**

Source: Company Filings as of 31 December 2017, market analysts' reports, S&P Capital IQ as of 19 April 2018

ii. Beni Stabili

Coima Res discount to EPRA NAV and EPRA NNNAV at 31 December 2017 of (20.2%) and (19.3%), as well as 6.1% 2018 estimated recurring cash flows yield and 3.8% 2018 estimated dividend yield were applied to the corresponding financial metrics of Beni Stabili.

Trading Multiples – Beni Stabili

Overview and Financial Profile for Beni Stabili's Set of Comparable Companies

Company	Market Cap. (€ Bn)	Portfolio Value (€ Bn)	Reported LTV (%)	Free Float (%)
Tier 1 Peers				
Coima Res	0.3	0.6	38.1%	60.0%
Tier 2 Peers				
Colonial	4.0	9.3	31.0%[5]	56.4%
Merlin Properties	5.8	11.3	43.6%	73.7%
IGD	0.6	2.4	47.4%	47.1%

Source : Company filings, S&P Capital IQ as of 19 April 2018

[5] ~40% Pro forma for Axiare acquisition

Comparable Companies Trading Multiples

Company	Share Price	Market Cap. (€ Bn)	LTV	Prem. / (Disc.) vs. NAV (%)	Prem. / (Disc.) vs. NNNAV (%)	Recurring Cash Flow Yield (%)		Dividend Yield (%)	
	(€)	*(€ Bn)*	*%*	*Latest Reported*	*Latest Reported*	*2018E*	*2019E*	*2018E*	*2019E*
Tier 1 Peers									
Coima Res	€8.38	0.3	38.1%	(20.2%)	(19.3%)	6.1%	6.5%	3.8%	4.2%
Tier 1 Peers Weighted Average				(20.2%)	(19.3%)	6.1%	6.5%	3.8%	4.2%
Tier 2 Peers									
Colonial	€9.40	4.0	31.0%	+9.3%	+19.3%	2.6%	2.8%	2.1%	2.4%
Merlin Properties	€12.39	5.8	43.6%	(6.5%)	+0.4%	5.4%	5.9%	4.2%	4.5%
IGD	€7.84	0.6	47.4%	(40.3%)	(37.6%)	11.2%	12.3%	7.1%	7.7%
Tier 2 Peers Weighted Average				(2.4%)	+5.4%	4.6%	5.1%	3.6%	3.9%
All Peers Weighted Average				(2.9%)	+4.7%	4.7%	5.2%	3.6%	3.9%
Beni Stabili	€0.73	1.7	44.1%	(12.7%)	(11.5%)	5.7%	6.1%	4.8%	5.5%

Implied Valuation for Beni Stabili

In € per Share	**Beni Stabili**
EPRA NAV	
Reported by Beni Stabili at 31 December 2017	**0.836**
Average of Peers Prem. / (Disc.) (%)	**(20.2%)**
Implied Value for Beni Stabili	**0.667**
EPRA NNNAV	
Reported by Beni Stabili at 31 December 2017	**0.825**
Average of Peers Prem. / (Disc.) (%)	**(19.3%)**
Implied Value for Beni Stabili	**0.666**
Recurring Cash Flow Yield	
2018E (Based on Market Analysts' Consensus)	**0.041**
Peers Average Yield (%)	**6.1%**
Implied Value for Beni Stabili	**0.675**
Dividend Yield	
2018E (Based on Market Analysts' Consensus)	**0.035**
Peers Average Yield (%)	**3.8%**
Implied Value for Beni Stabili	**0.908**

Source: Company Filings as of 31 December 2017, market analysts' reports, S&P Capital IQ as of 19 April 2018

Summary of Valuation from Comparable Companies Trading Multiples Methodology

	Foncière des Régions € p. s.	Beni Stabili € p. s.	Implied Exchange Ratio	Prem. / (Disc.) Implied by the Exchange Ratio (8.5)
Share Price Prem. / (Disc.) to EPRA NAV at 31 December 2017	€87.2	€0.667	7.6x	+11.1%
Share Price Prem. / (Disc.) to EPRA NNNAV at 31 December 2017	€80.5	€0.666	8.3x	+2.7%
Recurring Cash Flow Yield 2018E	€102.7	€0.675	6.6x	+29.4%
Dividend Yield 2018E	€101.0	€0.908	9.0x	(5.5%)

e. Analysis of comparable precedent transactions in the European real estate sector

The set of selected reference transactions includes comparable transactions in the European real estate sector. It mainly contains mergers or public offers limited to a share component.

The average exchange ratio from comparable transactions implies a (7.1%) discount to the NAV exchange ratio, and a +8.4% premium to the last reference closing share price prior to transaction announcement.

Summary of Comparable Transactions – Mergers or Public Offers with Share Component

Based on last unaffected share price and latest financial information before transaction announcement

						Prem. / (Disc.)		Share Price / Latest Reported NAV		
Date	**Target**	**Acquirer**	**Type**	**Transaction Exchange Ratio**	**Target Equity Value (€ Bn)**	**EPRA NAV[6] Exchange Ratio**	**Spot Share Price Exchange Ratio**	**Target**	**Acquirer**	***Spread Acquirer vs. Target***
5 Sep. 16	Conwert	Vonovia	Public Share Offer [7,8]	0.50x	1.8	(26.7%)	+8.9%	1.4%	50.6%	*49.2%*
16 June 15	Deutsche Office	Alstria	Public Share Offer[9]	0.38x	0.8	(10.1%)	+16.2%	(18.2%)	5.7%	*22.9%*
5 Nov. 14	Foncière 6&7	Foncière de Paris	Merger[10]	0.18x	0.4	+0.2%	(1.7%)	(16.2%)	(17.8%)	*(1.6%)*
29 Jul. 14	Corio	Klepierre	Merger [11]	1.14x	4.2	(7.6%)	+15.7%	(6.0%)	17.7%	*23.7%*
20 Aug. 13	GSW	Deutsche Wohnen	Public Share Offer [12]	2.55x	1.8	+10.3%	+14.7%	6.4%	10.7%	*4.3%*
1 Jul. 13	Foncière Paris France	Foncière de Paris	Merger [13]	1.29x	0.2	(5.3%)	+0.7%	(21.4%)	(16.4%)	*4.9%*
6 Jan. 12	Silic	Icade	Public Share Offer [14]	1.25x	1.1	+4.3%	(4.6%)	(33.9%)	(39.5%)	*(5.6%)*
6 Apr. 07	Rodamco	Unibail	Public Share Offer [15]	0.52x	11.0	(1.6%)	+15.4%	43.2%	68.0%	*24.8%*
19 Feb. 07	Beni Stabili	Foncière des Régions	Public Share Offer [16]	0.01x	2.5	(27.3%)	+10.0%	17.8%	78.6%	*60.8%*
Average						**(7.1%)**	**+8.4%**	**(3.0%)**	**17.5%**	
Median						**(5.3%)**	**+10.0%**	**(6.0%)**	**10.7%**	

Source : Company information, Offer Prospectus

[6] Unless otherwise stated

[7] Included as well cash alternative at €16.16 per Conwert share, a +0.1% premium to Conwert last unaffected closing share price on 2 September 2016 of €16.15

[8] Based on Vonovia and Conwert last unaffected closing share price on 2 September 2016 of €35.4 and €16.15 respectively and June 2016 EPRA NAV per share of €23.5 (adjusted for goodwill) and €15.92 respectively

[9] Based on reported premium to share price ex-dividend exchange ratio (as of 15 June 2015) and Alstria / Deutsche Office's 2015 first fiscal quarter EPRA NAV of €11.45 and €4.79 adjusted for dividend distribution of €0.50 and €0.15 respectively

[10] Based on Foncière de Paris and Foncière des 6ème et 7ème last unaffected closing share price on 4 November 2014 of €99.40 and €17.75 respectively adjusted for 2014 dividend distribution of €6.1 and €1.0 per share respectively, and reported NAV ex-dividend of €113.46 and €19.98 at December 2014 respectively

[11] Based on Klépierre and Corio last unaffected closing share price on 28 July 2014 of €36.36 and €35.84 respectively and EPRA NAV per share of €30.9 and €38.1 at June 2014 respectively

[12] Based on Deutsche Wohnen and GSW share price as of 19 August 2013 of €14.16 and €31.46 respectively, and EPRA NAV of €12.79 and €29.57 at June 2013 (adjusted for convertible bond conversion of GSW) respectively

[13] Based on Foncière de Paris and Foncière Paris France share prices as of 28 June 2013 of €86.9 and €111.0 respectively, and reported NAV of €104.0 and €141.2 at June 2013 respectively

[14] Based on Icade and Silic last unaffected share price as of 24 November 2011 of €50.6 and €66.3 respectively, and EPRA NNNAV of €83.7 and €100.3 at December 2006 respectively. EPRA NAV metrics not disclosed.

[15] Based on Unibail and Rodamco share price as of 5 April 2007 of €235.50 and €108.44 adjusted for dividend distribution of €1.00 and €2.34 respectively, and dividend adjusted EPRA NNNAV of €139.6 and €74.11 at December respectively.

[16] Based on Foncière des Régions and Beni Stabili share price as of 16 February 2007 of €160.6 and €1.37 respectively, reported NAV for Foncière des Régions (€95.3) and Gross NAV for Beni Stabili (€1.167) at December 2006. Both share price and NAV adjusted for exceptional dividend distribution of €7.50 per share for Foncière des Régions and common dividend distribution of €4.7 and €0.024 for Foncière des Régions and Beni Stabili respectively

Exchange Ratios Implied by the Average Prem. / (Disc.) on Reference Precedent Transaction Exchange Ratios

	Foncière des Régions / Beni Stabili Exchange Ratio	**Avg. of Precedent Prem. / (Disc.) to Offer X-Ratio**	**Implied Exchange Ratio Foncière des Régions / Beni Stabili**	**Prem. / (Disc.) Implied by Exchange Ratio (8.5)**
EPRA NAV ex-div[17]	8.9x	(7.1%)	**8.3x**	+2.5%
Share Price[17]	8.3x	+8.4%	**9.0x**	(5.7%)

[17] Based on Vastned Retail and Vastned Retail Belgium share price as of 12 January 2018 of €39.5 and €46.2 respectively, reported EPRA NAV for Vastned Retail (€46.98) and reported EPRA NAV for Vastned Retail Belgium (€54.52) at December 2017

f. Summary of exchange ratios implied by the multi-criteria valuation methodology and of the premiums / (discounts) implied by the Merger Exchange Ratio

Summary of the Multi-Criteria Valuation of the Exchange Ratio

	Foncière des Régions € p. s.	Beni Stabili € p. s.	Implied Exchange Ratio	Implied Prem. / (Disc.)
Merger Exchange Ratio			8.5x	
Closing Share Price as of 19 April 2018				
Closing Share Price cum-div	€88.3	€0.730	8.3x	+2.8%
Closing Share Price ex-div[18]	€83.8	€0.697	8.3x	+2.2%
1-Month VWAP[19]	€89.2	€0.694	7.8x	+9.4%
3-Month VWAP[19]	€88.2	€0.690	7.8x	+8.8%
6-Month VWAP[19]	€89.0	€0.720	8.1x	+5.0%
9-Month VWAP[19]	€87.1	€0.714	8.2x	+3.7%
12-Month VWAP[19]	€86.1	€0.692	8.0x	+5.7%
12-Month High	€94.6	€0.799	8.4x	+0.7%
12-Month Low	€78.6	€0.558	7.1x	+19.7%
Analysts Target Price	**€93.8**	**€0.758**	**8.1x**	**+5.2%**
Net Asset Value				
Reported as of 31 December 2017				
EPRA NAV (ex-div) [18]	€90.0	€0.803	8.9x	(4.7%)
EPRA NNNAV (ex-div) [18]	€81.8	€0.792	9.7x	(12.2%)
Reported as of 30 June 2018				
EPRA NAV	€95.4	€0.822	8.6x	(1.4%)
EPRA NNNAV	€87.5	€0.809	9.2x	(8.1%)
Trading Multiples of Comparable Companies				
Share Price Prem. / (Disc.) to EPRA NAV at 31 December 2017	€87.2	€0.667	7.6x	+11.1%
Share Price Prem. / (Disc.) to EPRA NNNAV at 31 December 2017	€80.5	€0.666	8.3x	+2.7%
Recurring Cash Flow Yield 2018E	€102.7	€0.675	6.6x	+29.4%
Dividend Yield 2018E	€101.0	€0.908	9.0x	(5.5%)
Precedent Comparable Transactions				
EPRA NAV at 31 December 2017 (ex-div) [18]			8.3x	+2.5%
Sport Share Price			9.0x	(5.7%)

[18] Adjusted for the distribution of fiscal year 2017 ordinary dividend of €4.50 per Foncière des Régions share and €0.033 per Beni Stabili share distributed on 15 and 7 May 2018 respectively

[19] Volume Weighted Average Price

4. Methodologies Excluded for the Determination of the Merger Exchange Ratio

The Discounted Cash Flow (DCF) Methodology was excluded from the multi-criteria valuation approach due to the lack of relevance for the assessment of the Merger Exchange Ratio.

The valuation methodologies selected to determine the Merger Exchange Ratio include the Net Asset Value methodology which is based on the valuation of the companies' real estate portfolio as appraised by independent experts. In particular, these valuations are based on the Discounted Cash Flow (DCF) analysis or capitalisation of rental income. Therefore, valuing a property company based on its generated revenues is widely redundant with the net asset value method that was selected for assessment of the Merger Exchange Ratio.

Schedule 2
Opinion of the Foncière des Régions works council

"The members elected by the Works Council issue a favourable opinion on the merger project, unanimously. "