

EDIZIONE

FINANCIAL STATEMENTS AT DECEMBER 31, 2016

CONTENTS

COMPANY INFORMATION	
Parent Company Officers	4
DIRECTORS' REPORT	7
FINANCIAL STATEMENTS AT DECEMBER 31, 2016	
Balance Sheet	19
Income Statement	23
Cash Flow Statement	25
Explanatory Notes	26
Annexes	
Statement of changes in intangible assets	48
Statement of changes in property, plant and equipment	49
Statement of changes in non-current financial assets: equity investments	50
List of equity investments in subsidiaries and associates	51
Statement of changes in shareholders' equity	52
Schedule pursuant to Art. 2427(7 bis) of the Italian Civil Code	53
Report of the independent auditors	54

COMPANY INFORMATION

PARENT COMPANY OFFICERS

BOARD OF DIRECTORS

In office until approval of the financial statements at December 31, 2018

Fabio Cerchiai ⁽¹⁾	CHAIRMAN
Gilberto Benetton ⁽²⁾	DEPUTY CHAIRMAN
Marco Patuano ⁽³⁾	CHIEF EXECUTIVE OFFICER
Carlo Benetton ⁽⁴⁾	DIRECTORS
Alessandro Benetton	
Franca Bertagnin Benetton	
Giovanni Costa	
Fabio Buttignon ⁽⁵⁾	
Luciano Benetton	
Giuliana Benetton ⁽⁶⁾	
Massimo Benetton ⁽⁶⁾	
Sabrina Benetton ⁽⁶⁾	
Gianni Mion ⁽⁷⁾	

GENERAL MANAGER

Carlo Bertazzo

BOARD OF STATUTORY AUDITORS

In office until approval of the financial statements at December 31, 2016

Angelo Casò	CHAIRMAN
Giovanni Pietro Cunial	AUDITORS
Aldo Laghi	
Alberto Giussani	ALTERNATE AUDITORS
Maria Martellini	

INDEPENDENT AUDITORS

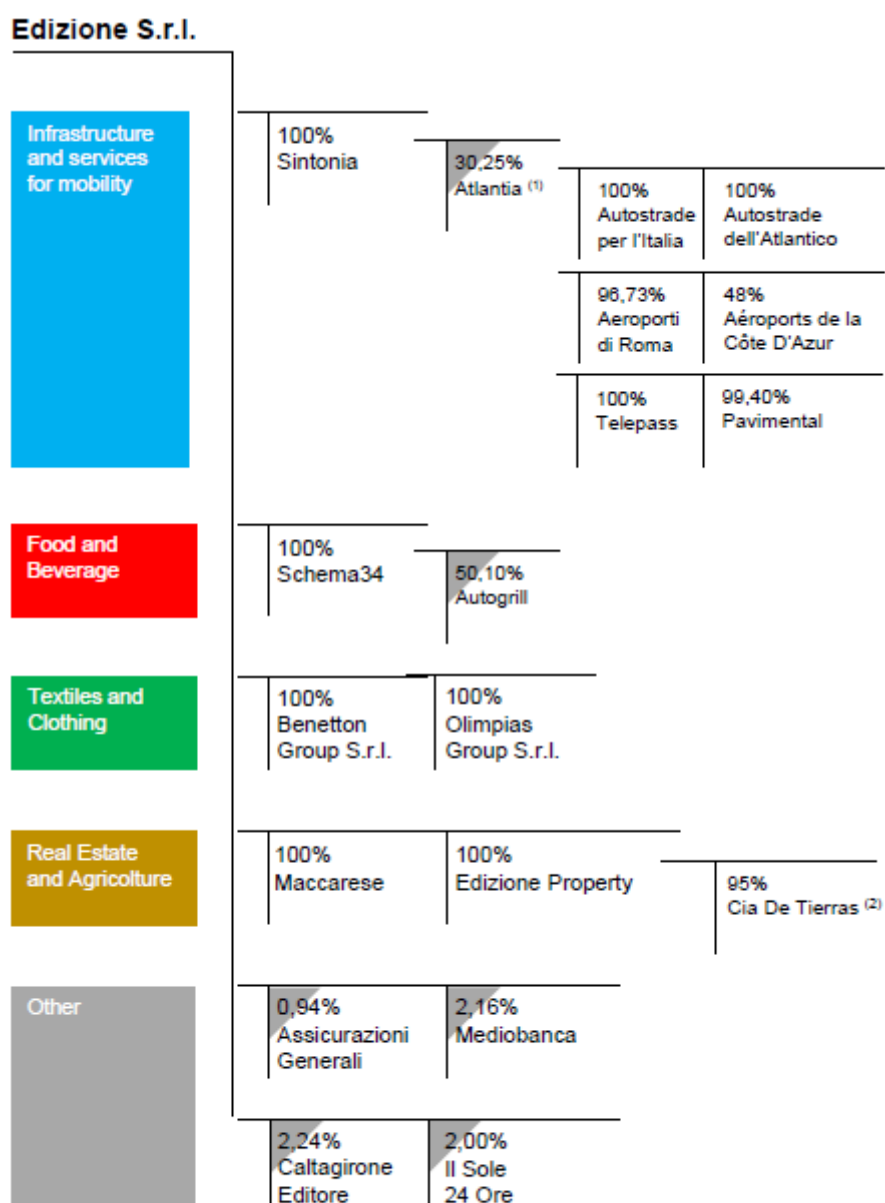
In office until approval of the financial statements at December 31, 2023

Deloitte & Touche S.p.A.

- (1) Appointed Chairman of the Board of Directors on January 18, 2017.
- (2) Chairman of the Board until January 18, 2017 and appointed Deputy Chairman of the Board of Directors on the same date.
- (3) Appointed Chief Executive Officer on January 18, 2017.
- (4) Deputy Chairman of the Board of Directors until January 18, 2017.
- (5) Director in office since June 28, 2016.
- (6) Director whose term of office ended on June 28, 2016.
- (7) Resigned from Deputy Chairman of the Board and Board member on December 31, 2016.


INVESTMENT PORTFOLIO

Edizione S.r.l. held the following investments at December 31, 2016:



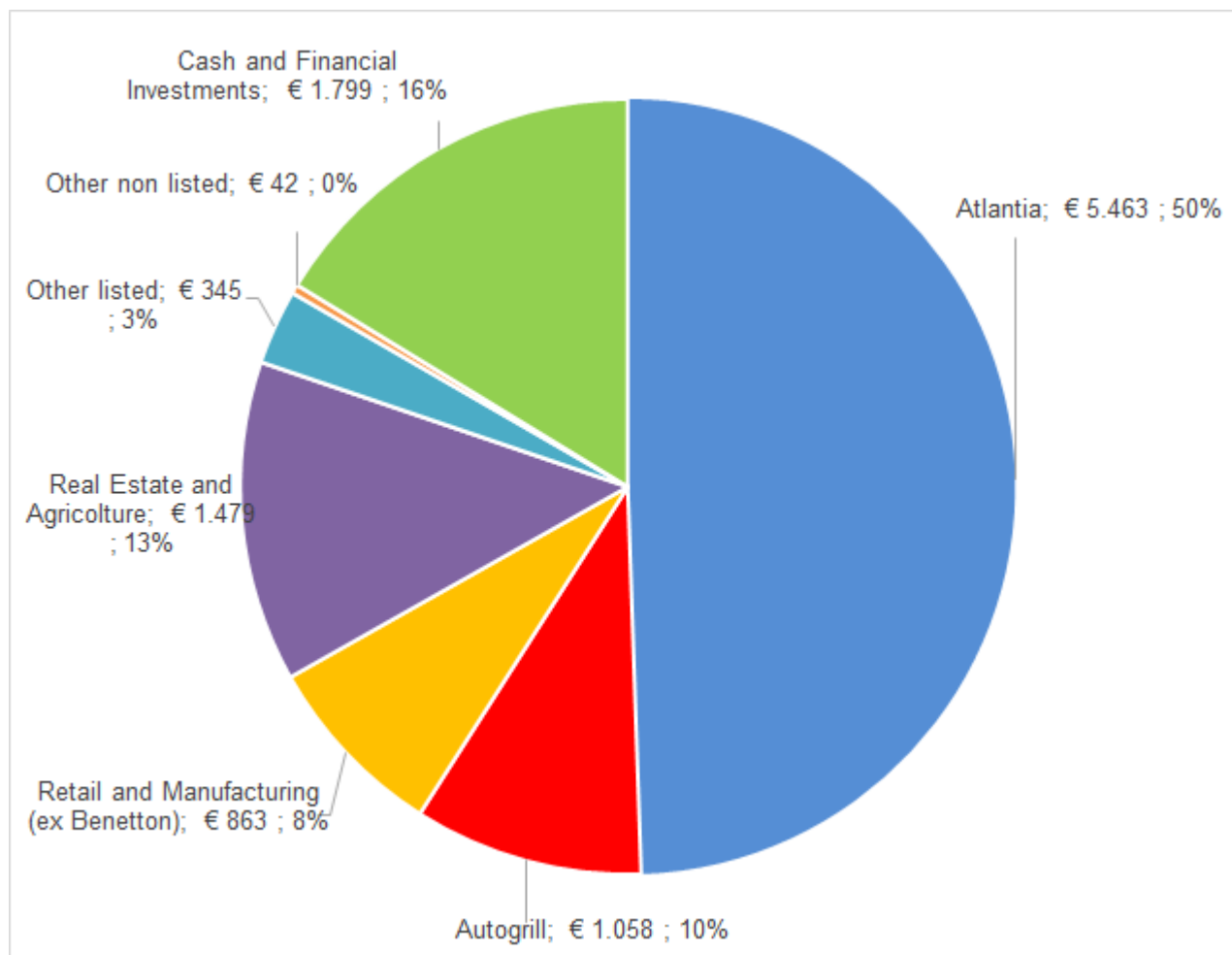
(1) On December 31, 2016 Atlantia holds 0.66% of treasury shares

(2) The remaining 5% stake is held directly by Edizione S.r.l.

 Listed companies

NET ASSET VALUE

The chart below shows a breakdown of the Net Asset Value of Edizione S.r.l. at December 31, 2016, amounting to Euro 11,049 million. The item "Other listed" mainly includes investments in Assicurazioni Generali and Mediobanca.



The total asset value at December 31, 2016 was determined by using the following valuation criteria:

- Equity investments and other listed securities are valued at the average official stock market prices for December;
- Listed financial investments are valued at their Net Asset Value as at the last day of the year;
- The remaining unlisted equity investments, other than investment properties, are measured at book value or at the value corresponding to the pro-rata equity at December 31;
- Investment properties are valued at market value, as determined by third-party and internal appraisals;
- Net cash or, where applicable, net debt, refers to the aggregate of the holding companies Edizione S.r.l., Schematrentaquattro S.p.A. and Sintonia S.p.A.

DIRECTORS' REPORT

Dear Shareholders,

Before presenting the financial statements for 2016, we deem it appropriate to remind you that November 1, 2016 was the effective date of the proportional partial demerger of the real estate business of Edizione S.r.l. in favour of Edizione Property S.p.A.

The demerger plan provided for the assignment to Edizione Property of 26 properties, 3 land plots and 100% of the equity of Edizione Realty Czech S.r.o. (owner of a property in Prague) at their book values as at December 31, 2015, totalling Euro 176 million, and the assignment of other net liabilities amounting to Euro 9 million.

Consequently, the transferred equity has been determined (also in view of possible adjustments due to subsequent changes in the value of the assets or liabilities) to amount to Euro 167 million.

At the time of executing the deed of demerger, the net assets actually assigned to Edizione Property amounted to Euro 193 million. In order to align the net asset to the amount originally set out in the demerger plan, Edizione Property paid to Edizione a monetary adjustment of Euro 26 million.

Edizione S.r.l.'s financial statements for the year ended December 31, 2016, which we submit for your approval, show net income of Euro 308.0 million (Euro 529.6 million in 2015).

The reclassified income statement and financial structure below provide a more immediate view of 2016 versus the previous year:

RECLASSIFIED INCOME STATEMENT

(Millions of Euro)	2016	2015	Change	
			Absolute	%
Dividends and other income from equity investments	321.4	546.9	(225.5)	(41.2)
Revenues and other income	9.2	9.7	(0.5)	(5.2)
Net capital gains/(losses) from disposal of equity investments	1.5	44.9	(43.4)	(96.7)
Operating costs	(19.7)	(17.8)	(1.9)	10.7
Depreciation, amortisation and impairments	(4.3)	(6.6)	2.3	(34.8)
Net financial income / (charges)	(1.4)	2.8	(4.2)	n.s.
Impairment of financial assets, net of reversal	(0.1)	(57.3)	57.2	n.s.
Income taxes	1.4	7.0	(5.6)	(80.0)
Income/(loss) for the year	308.0	529.6	(221.6)	(41.8)

The following is a list of dividends received in 2016 and 2015:

(Millions of Euro)	2016	2015	Change	
			Absolute	%
Schematrentaquattro S.p.A.	15.3	430.0	(414.7)	(96.4)
Sintonia S.p.A.	229.8	99.0	130.8	n.s.
Pirelli & C. S.p.A.	-	2.7	(2.7)	n.s.
Assicurazioni Generali S.p.A.	10.6	8.8	1.8	20.5
Mediobanca S.p.A.	5.0	4.7	0.3	6.4
Eurostazioni S.p.A.	54.8	1.7	53.1	n.s.
Other minor equity investments	5.9	-	5.9	n.s.
Total	321.4	546.9	(226)	(41.2)

Other revenues and income amount to Euro 9.2 million, including Euro 8.7 million from property rentals. The remaining amount refers mostly to services rendered to Group companies.

Net gains from disposal of equity investments relate to disposals of investments in Hermès International S.A., L Brands Inc. and Vinci S.A.

Operating costs are summarised below in comparison with the previous year:

(Millions of Euro)	2016	2015	Change	
			Absolute	%
Directors and statutory auditors' emoluments	5.9	6.5	(0.6)	(9.2)
Property management and maintenance costs	2.9	3.0	(0.1)	(3.3)
Personnel costs	3.0	2.7	0.3	11.1
Donations	1.7	1.7	-	-
Real estate tax (IMU), non-deductible VAT and other taxes	2.1	1.6	0.5	31.3
Other costs for services and operating costs	4.1	2.3	1.8	78.3
Total	19.7	17.8	1.9	10.7

Net financial charges amounted to EUR 1.4 million (net financial charges of Euro 3 million in the previous year) and include foreign exchange losses amounting to Euro 1.8 million.

Positive income taxes of Euro 1.4 million are the estimated remuneration of the tax loss of Edizione S.r.l. used in the tax consolidation to offset the taxable income amounts contributed by other companies participating in the consolidation scheme.

FINANCIAL STRUCTURE

The financial structure at December 31, 2016 and December 31, 2015 is presented below:

(Millions of Euro)	12.31.2016	12.31.2015	Absolute change
Equity investments	2,696.1	2,849.3	(153.2)
Other non-current securities and receivables	512.0	514.7	(2.7)
Property, plant and equipment and intangible assets	0.4	176.9	(176.5)
Non-current assets	3,208.5	3,540.9	(332.4)
Current receivables	32.6	37.2	(4.6)
Current payables	(21.4)	(38.7)	17.3
Net working capital	3,219.7	3,539.4	(319.7)
Provisions and medium-term liabilities	(0.6)	(0.6)	-
Capital employed	3,219.1	3,539.0	(319.9)
Shareholders' equity	3,589.0	3,517.7	71.3
(Cash) / Net financial indebtedness	(369.9)	21.3	(391.2)
Source of funding	3,219.1	3,539.0	(319.9)

Equity investments

Equity investments at the end of 2016 were worth Euro 2,696.1 million, a net decrease of Euro 153.2 million since the previous year.

Below are details of the movements in equity investments during the year:

(Millions of Euro)	
Value of equity investments at December 31, 2015	2,849.3
Net sales of Hèrmes International shares	(72.3)
Net sales of L Brands, Inc. shares	(33.8)
Demerger of Edizione Realty Czech S.r.o.	(1.0)
Incorporation of Schemaquarantuno S.r.l.	0.2
Capital increase of Schematrentatre & C. S.p.A.	0.1
Capital refund of Eurostazioni S.p.A.	(45.5)
Capital refund of Gruppo Banca Leonardo S.p.A.	(0.9)
Value of equity investments at December 31, 2016	2,696.1

Other non-current securities and receivables

The amount recorded at December 31, 2016 refers for Euro 500 million to the subscription of 100% of the shares of the Luxembourg-based Quaestio Opportunity Fund, for a more efficient management of part of the liquidity. The remaining Euro 12 million refers to share capital subscribed in funds including 21 Investimenti II (Euro 4.9 million), 21 Investimenti III (Euro 4.7 million) and 21 Centrale Partners III (Euro 2.4 million).

Property, plant and equipment and intangible assets

The change in Net property, plant and equipment and intangible assets, compared to 2015, is a result of the demerger of real estate assets carried out in favour of the subsidiary Edizione Property.

Net financial indebtedness/(Cash)

The structure of Edizione's net financial position can be summarised as follows:

(Millions of Euro)	12.31.2016	12.31.2015	Absolute change
Cash and cash equivalent	(939.9)	(40.2)	(899.7)
Other current financial assets	(15.0)	(14.9)	(0.1)
Financial receivables from subsidiaries	(140.7)	(141.0)	0.3
Financial payables to subsidiaries	725.7	217.4	508.3
Net financial indebtedness/(Cash)	(369.9)	21.3	(391.2)

At the end of 2016, Edizione has net liquid assets of Euro 369.9 million, compared with a net indebtedness of Euro 21.3 million at the end of 2015.

Financial receivables from subsidiaries refer for Euro 140 million to a loan granted to the subsidiary Edizione Property S.p.A.

Financial payables to subsidiaries primarily relate to the balance of the escrow account held with the subsidiary Schematrentaquattro S.p.A. (Euro 722.2 million).

In 2016 Edizione extinguished the revolving credit facility of Euro 100 million, fully unused, before the February 2017 expiration date.

Shareholders' equity

At December 31, 2016, shareholders' equity amounted to Euro 3,589.0 million (Euro 3,517.7 million the previous year).

2016 saw a transfer in favour of Edizione Property S.p.A. of assets amounting to Euro 166.7, as a result of a demerger transaction in which the aforesaid subsidiary was the beneficiary of the owned properties. Euro 70 million in dividends were distributed to the shareholders in 2016.

PERFORMANCE OF THE MAIN SUBSIDIARIES

The performance of the main group companies is briefly described below.

Sintonia S.p.A. (controlling interest at December 31, 2016: 100%)

Key figures from the financial statements of Sintonia S.p.A. (owner of a 30.25% interest in Atlantia S.p.A.) for the year ended December 31, 2016 are summarised below, with comparative figures from the previous year:

(Millions of Euro)	2016	2015	Change	
			Absolute	%
Dividends and other income from equity investments	229.8	267.4	(37.6)	(14.1)
Operating costs	(0.2)	(1.6)	1.4	(87.5)
Depreciation, amortisation and impairments	-	(0.2)	0.2	n.s.
Net financial charges	0.1	(0.5)	0.6	n.s.
Non-recurring income/(charges), net	-	0.1	(0.1)	n.s.
Net income	229.7	265.2	(35.5)	(0.1)
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	2,584	2,584	-	
(Cash) / Net financial indebtedness	(8)	(8)	-	

Dividends and other income from equity investments include the dividends received from the subsidiary Atlantia S.p.A. and consist of Euro 119.9 million as the balance on the 2015 dividend and Euro 109.9 million as the advance on the dividend for 2016. The reduction in dividend amount is due to the smaller number of Atlantia shares owned by the Company as a result of the 2015 demerger.

Net Cash at the end of the year stood at Euro 8 million, unchanged from 2015.

The following table shows key figures from the consolidated financial statements of the subsidiary Atlantia at December 31, 2016 and the previous year.

(Millions of Euro)	Atlantia consolidated financial statements		Change	
	2016	2015	Absolute	%
Revenues	5,484	5,304	180	3.4
EBITDA	3,378	3,215	163	5.1
Income/(Loss) for the year	1,238	975	263	27.0
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	10,009	8,483	1,526	
Net financial indebtedness	11,677	10,387	1,290	

Schematrentaquattro S.p.A. (controlling interest at December 31, 2016: 100%)

Key figures from the financial statements of Schematrentaquattro S.p.A. (owner of a 50.1% interest in Autogrill S.p.A.) for the year ended December 31, 2016 are summarised below, with comparative figures from the previous year.

(Millions of Euro)	2016	2015	Change	
			Absolute	%
Dividends and other income from equity investments	15.3	3.2	12.1	n.s.
Capital gains and income from disposal of equity investments	-	457.7	(457.7)	n.s.
Operating costs	(0.1)	(1.5)	1.4	(93.3)
Financial income (charges), net	3.1	1.7	1.4	82.4
Income tax for the year	(1.2)	(4.2)	3.0	(71.4)
Income for the year	17.1	456.9	(439.8)	n.s.
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	1,865	1,863	2	
(Cash) / Net financial indebtedness	(924)	(921)	(3)	

Dividends and other income from equity investments include the dividends received from the subsidiary Autogrill S.p.A. (Euro 15.3 million). In the previous year, the item included dividends received from Pirelli & C. S.p.A.

In the previous year, the item Capital gains and income on disposal of equity investments included a gain from the disposal of World Duty Free shares (Euro 415.9 million), and the capital gain arising from the transfer by tender offer of Pirelli & C. shares (Euro 41.9 million), net of their respective costs associated with the sale.

The item Net financial income (charges) refers to interest income earned on the company's bank deposits and on the current account held with the holding company Edizione S.r.l.; in the previous year, these were shown net of interest expense on the debentures convertible into Pirelli shares.

At December 31, 2016 the company has Net cash of Euro 924 million, broadly in line with the previous year. Net cash includes, for Euro 722 million, the balance of the current account held with the holding company Edizione S.r.l., remunerated at market rates.

The following table shows key figures from the consolidated financial statements of the subsidiary Autogrill at December 31, 2016 compared against those of the previous year.

(Millions of Euro)	Autogrill group consolidated financial statements		Change	
	2016	2015	Absolute	%
Revenues	4,519	4,336	183	4.2
EBITDA	412	374	38	10.2
Income/(Loss) for the year	115	79	36	45.6
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	688	600	88	
(Cash) / Net financial indebtedness	578	629	(51)	

Benetton Group S.r.l. (controlling interest at December 31, 2016: 100% through the sub-holding company Schematrentasette S.r.l.)

Key figures from the consolidated financial statements of Benetton Group S.r.l. for the year ended December 31, 2016 are summarised below, with comparative figures from the previous year.

(Millions of Euro)	Benetton consolidated financial statements		Change	
	2016	2015	Absolute	%
Revenues	1,376	1,504	(128)	(8.5)
EBITDA before allocations	70	84	(14)	(16.7)
Income/(Loss) for the year	(81)	(45)	(36)	80.0
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	640	716	(76)	
(Cash) / Net financial indebtedness	(24)	(85)	61	

The Benetton Group's 2016 net revenues stood at Euro 1,376 million, down by Euro 128 million compared to the previous year.

Olimpias Group S.r.l. (controlling interest at December 31, 2016: 100% through the sub-holding Schematrentotto S.r.l.)

Key figures from the consolidated financial statements of Olimpias Group S.r.l. for the year ended December 31, 2016 are summarised below, with comparative figures from the previous year.

(Millions of Euro)	Olimpias Group consolidated financial statements		Change	
	2016	2015	Absolute	%
Revenues	360.1	392.3	(32.2)	(8.2)
EBITDA	17.2	22.3	(5.1)	(22.9)
Income/(Loss) for the year	0.8	3.5	(2.7)	(77.1)
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	223	243	(21)	
(Cash) / Net financial indebtedness	(34)	(48)	14	

The item Revenues amounted to Euro 360.1 million against Euro 392.3 million in 2015, down by approximately 8.2%. The decrease was mainly due to the Clothing segment.

Edizione Property S.p.A. (controlling interest at December 31, 2016: 100%)

Key figures from the consolidated financial statements of Edizione Property S.p.A. for the year ended December 31, 2016 are summarised below, with comparative figures from the previous year.

	Edizione Property consolidated financial statements		Change	
	2016	2015	Absolute	%
(Millions of Euro)				
Rental income	31.2	31.6	(0.4)	(1.3)
Other revenues	49.5	4.1	45	n.s.
Income/(Loss) for the year	17.6	55	(37.2)	(67.9)
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	533	344	189	
(Cash) / Net financial indebtedness	190	124	67	

In 2016, the Company earned rental income of Euro 31.2 million from the management of real properties mainly intended for commercial use. This figure is broadly in line with the previous year.

Other revenues (Euro 49.5 million in 2016) refer to the consolidation at the end of 2015 of *Compania de Tierras del Sud Argentino S.A.* (operating in the farming and livestock sector in Argentina) and *Edizione Alberghi S.p.A.* (operating in the catering and hotel management sector in Italy).

The Income for the period came to Euro 17.6 million (Euro 54.8 million in 2015). The previous year reflected, on the one hand, the capital gain from the sale of real estate in the U.S. (Euro 125 million) and, on the other hand, write-downs on the value of some properties as a result of impairment testing (Euro 35.5 million) and negative exchange differences of Euro 38.7 million.

The Edizione Property group's net financial indebtedness at the end of 2016 amounted to Euro 190,3 million, up by Euro 66.5 million compared to the situation at December 31, 2015 (Euro 123.8 million), mainly as a result of the purchase of a property in Florence and the demerger adjustment paid to Edizione S.r.l.

Maccarese S.p.A. società agricola at December 31, 2016 (controlling interest: 100%)

Key figures for this company, for the years ended December 31, 2016 and 2015, are shown below.

	Separate financial statements		Change	
	2016	2015	Absolute	%
(Millions of Euro)				
Revenues	10.8	10.4	0.4	3.8
Income/(Loss) for the year	0.5	-	0.5	n.s.
	12.31.2016	12.31.2015	Absolute change	
Shareholders' equity	31.7	31.2	0.5	
Net financial indebtedness	6.6	8.2	(1.6)	

OTHER INFORMATION

No research and development costs, in the currently accepted meaning of the term, were incurred during the year given Edizione's activities as a holding company.

At December 31, 2016 Edizione S.r.l. owned no treasury shares, either directly or through trust companies or other intermediaries, and did not buy or sell any such shares during the course of the year.

The Directors have opted for the extended deadline of 180 days from the end of the year to hold the annual general meeting, as permitted by Art. 7 of the Company by-laws and by Art. 2364 of the Civil Code. The extension was taken so that all information needed to prepare the consolidated financial statements would be available.

FINANCIAL RISK MANAGEMENT

The Company has always paid close attention to the identification, assessment and coverage of financial risks associated with their businesses, and in particular to:

- market risk, mainly interest rate risk and price risk;
- liquidity risk, with a special focus on the availability of funds and access to the credit market and financial instruments;
- credit risk, in relation to both commercial and financial transactions.

Interest rate risk

Edizione is not exposed to interest rate risk as it has no financial indebtedness to third parties.

Price risk

Edizione is exposed to the risk of changes in the market price of its financial assets, particularly with respect to its investments in listed companies.

Liquidity risk

Edizione finances the outflows of ordinary operations mainly through the dividends received from subsidiaries and through its cash holdings.

Liquidity risk may arise only when the amounts related to investment decisions are not covered by cash availability and suitable and readily available funding sources.

In addition to any available cash held, Edizione believes that it has access to funds whose amounts and maturities are in line with its investment plans.

Credit risk

Credit risk is the risk of incurring losses due to the failure to collect receivables due for both normal commercial transactions and financial investments. It includes the direct risk of the counterparty's insolvency or decrease in creditworthiness, as well as credit concentration risk.

The carrying value of the financial assets is the Company's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties.

The company believes that, through the selection and diversification of counterparties with good credit quality, Edizione is not subject to significant credit risks.

OUTLOOK FOR 2017

On the basis of resolutions approved by Edizione's subsidiaries and associates, dividends are expected to increase in 2017, while operating costs are likely to decline.

PROPOSED RESOLUTION

Dear Shareholders,

To conclude our report, we move to:

- approve the financial statements at and for the year ended December 31, 2016 and the Directors' Report submitted to you;
- allocate net income for the year of Euro 307,984,991.46 as follows:
 - to the legal reserve: Euro 15,400,000.00
 - to the shareholders, total dividends of Euro 140,000,000.00;
 - the remainder to "Profits carried forward".

Treviso, May 22, 2017

Chairman of the Board of Directors
Fabio Cerchiai

FINANCIAL STATEMENTS AT
DECEMBER 31, 2016

BALANCE SHEET

ASSETS

(in Euro)	December 31, 2016	December 31, 2015
A) UNPAID SUBSCRIBED CAPITAL		
B) NON-CURRENT ASSETS		
I INTANGIBLE ASSETS		
1) Set-up and expansion costs		
2) Development costs		
3) Industrial patent rights and intellectual property rights	24.419	37.845
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets under construction and advances		
7) Other intangible assets	-	1.502.372
Total intangible assets	24.419	1.540.217
II PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	-	130.805.690
2) Plant and machinery	195.287	337.256
3) Industrial and commercial equipment	141.538	314.348
4) Other assets		
5) Assets under construction and advances	-	43.900.382
Total property, plant and equipment	336.825	175.357.676
III NON-CURRENT FINANCIAL ASSETS		
1) Equity investments in:		
a) Subsidiaries	2.359.935.324	2.360.663.920
b) Associates	5.233.826	50.763.826
c) Other companies		
d) Companies subject to the control of parent companies		
d-bis) Other companies	330.909.943	437.915.022
Total equity investments	2.696.079.093	2.849.342.768
2) Non-current receivables:		
a) From subsidiaries		
b) From associates		
c) From parent companies		
d) From companies subject to the control of parent companies		
d-bis) From others	16.693	16.862
Total non-current receivables	16.693	16.862
3) Other securities	512.046.037	514.699.188
4) Active derivative financial instruments		
Total non-current financial assets	3.208.141.823	3.364.058.818
TOTAL NON-CURRENT ASSETS	3.208.503.067	3.540.956.711
C) CURRENT ASSETS		
I INVENTORIES		
1) Raw materials, other materials and consumables		
2) Work in progress and semi-manufactured products		
3) Construction contracts in progress		
4) Finished products and goods		
5) Advances		
II RECEIVABLES:		
1) Trade receivables	7.431	791.405

2) From subsidiaries:		
- falling due in the next year	148.185.055	143.362.775
- falling due after the next year	1.037.879	6.995.588
	149.222.934	150.358.363
3) From associates		
4) From parent companies		
5) From companies subject to control of parent companies		
5-bis) Tax receivables	24.076.809	23.977.843
5-ter) Deferred tax assets		
5-quater) Other receivables	10.000	3.044.006
Total receivables	173.317.174	178.171.617
III CURRENT FINANCIAL ASSETS		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
3-bis) Eq. investments in companies subject to the control of the parent co.		
4) Other equity investments	-	-
5) Active derivative financial instruments		
6) Other securities	14.774.910	14.853.865
7) Financial assets for centralised treasury mgmt		
Total current financial assets	14.774.910	14.853.865
IV CASH AND CASH EQUIVALENT:		
1) Bank and postal accounts	939.869.558	40.163.057
2) Cheques		
3) Cash in hand	4.625	7.153
Total cash and cash equivalents	939.874.183	40.170.210
TOTAL CURRENT ASSETS	1.127.966.267	233.195.692
D) ACCRUED INCOME AND PREPAID EXPENSES		
	207.467	23.511
TOTAL ASSETS	4.336.676.801	3.774.175.914

SHAREHOLDERS' EQUITY AND LIABILITIES

(in Euro)	December 31, 2016	December 31, 2015
A) SHAREHOLDERS' EQUITY		
I Share capital	1,500,000,000	1,500,000,000
II Share premium reserve		
III Revaluation reserve	1,230,192	1,230,192
IV Legal reserve	70,281,655	43,801,655
V Statutory reserve		
VI Other reserves:		
- Extraordinary reserve	5,179,444	5,179,444
- Reserve pursuant to article 1, Law 169/83	79,923,421	79,923,421
- Merger surplus reserve	659,342,583	826,024,989
- Capital injection reserve pursuant to 904/77	1,368,640	1,368,640
- Roundings	1	1
	745,814,089	912,496,495
VII Cash flow hedge reserve		
VIII Profits (losses) carried forward	963,665,913	530,565,174
IX Income (loss) for the year	307,984,991	529,580,739
X Negative reserve for treasury shares in portfolio		
TOTAL SHAREHOLDERS' EQUITY	3,588,976,840	3,517,674,255
B) PROVISIONS FOR RISKS AND CHARGES		
1) Post-retirement benefits and other obligations		
2) Deferred tax liabilities	-	-
3) Passive derivative financial instruments	-	-
4) Other		
TOTAL PROVISIONS FOR RISKS AND CHARGES	-	-
C) PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	624,560	578,849
D) PAYABLES		
4) Amounts due to banks		
- falling due in the next year	-	-
- falling due after the next year	-	-
5) Other borrowings	-	-
6) Advances	-	2,050,435
7) Trade payables	931,897	10,857,126
9) Amounts due to subsidiaries		
- falling due in the next year	743,147,794	238,807,209
- falling due after the next year	1,010,802	-
10) Payables to subsidiaries/associates	-	144,320
11) Payables to parent companies		
11-bis) Payables to companies subject to the control of parents		
12) Tax payables	1,532,432	867,661
13) Amounts due to social security institutions	176,632	184,052

14) Other payables	275,844	2,938,265
TOTAL PAYABLES	747,075,401	255,849,068
<hr/>		
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	73,742
<hr/>		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,336,676,801	3,774,175,914
<hr/>		

INCOME STATEMENT

A) VALUE OF PRODUCTION		
1) Revenues from sales and services	8,656,209	8,764,059
5) Other revenues and income	587,508	926,279
TOTAL VALUE OF PRODUCTION	9,243,717	9,690,338
B) COST OF PRODUCTION		
7) Services	12,294,311	11,240,182
8) Leases, rentals and royalties	396,126	314,327
9) Personnel costs:		
a) wages and salaries	2,231,170	1,995,427
b) social security contribution	617,511	562,007
c) employee termination indemnities	156,823	139,989
e) other costs	5,372	4,390
Total personnel costs	3,010,876	2,701,813
10) Amortisation, depreciation and impairment:		
a) amortisation of intangible assets	784,119	3,894,832
b) depreciation of property, plant and equipment	3,531,548	2,704,719
Total amortisation, depreciation and impairment	4,315,667	6,599,551
14) Other operating costs	4,101,696	3,580,546
TOTAL COST OF PRODUCTION	24,118,676	24,436,419
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST	(14,874,959)	(14,746,081)
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments:		
- income from subsidiaries	245,152,769	529,009,261
- income from associates	54,823,456	1,679,900
- income from other companies	21,420,946	16,199,104
Total income from equity investments	321,397,171	546,888,265
16) Other financial income:		
a) from receivables classified under non-current assets		
b) from securities held as non-current financial assets	1,096,741	4,256,449
c) from securities held as non-current financial assets		
d) income other than above:		
- subsidiaries	544,692	129,407
- capital gains	21,916,083	64,995,007
- other income	1,080,670	318,884
Total other financial income	24,638,186	69,699,747
17) Financial interests and other charges:		
- from subsidiaries	(2,026,226)	(437,848)
- losses	(20,388,961)	(20,096,646)
- other interest and financial charges	(280,268)	(1,450,770)
Total financial interests and other charges	(22,695,455)	(21,985,264)
17bis) Foreign exchange gains and losses	(1,771,785)	(415)
TOTAL FINANCIAL INCOME AND CHARGES	321,568,117	594,602,333

D) IMPAIRMENT OF FINANCIAL ASSETS		
18) Impairment reversals:		
a) equity investments	-	-
b) financial assets which are not investments		
c) securities classified as current assets which are not investments		
d) derivative financial instruments		
19) Impairment losses:		
a) equity investments	-	(57,075,500)
b) financial assets which are not investments		
c) securities classified as working capital which are not investments	(78,955)	(179,214)
d) derivative financial instruments		
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	(78,955)	(57,254,714)
Income before taxes		
	306,614,203	522,601,538
20) Income taxes for the year, current, deferred and prepaid		
- current taxes	1,370,788	6,979,201
Total taxes	1,370,788	6,979,201
21) NET INCOME/(LOSS) FOR THE YEAR	307,984,991	529,580,739

CASH FLOW STATEMENT

(Thousand of Euro)	2016	2015
A. Cash flow from operating activities		
Income/(Loss) of the period	307,985	529,581
Income tax for the period	-	(7,358)
Interest (income) loss	-	(2,890)
(Dividends)	(321,397)	(546,888)
(Capital gains) capital loss from sale of interests	(1,527)	(44,899)
	(14,939)	(72,454)
<i>Adjustments for non-monetary components without counterpart in net working capital</i>		
Amortisation of non-current assets	4,316	6,600
Impairments (reversals) net	(79)	57,254
Other adjustments for non-monetary components: provisions for risks	-	-
	4,237	63,854
<i>Changes in net working capital</i>		
(Increase)/Decrease in receivables from subsidiaries	1,141	13
(Increase)/Decrease in other receivables	3,640	248
Increase/(Decrease) in trade payables	(9,925)	7,422
Increase/(Decrease) in receivables from affiliates	-	(389)
Increase/(Decrease) net other items	6,363	3,641
	1,219	10,935
<i>Other adjustments</i>		
Interest received (paid)	-	2,890
Dividends received	321,397	546,888
	321,397	549,778
Cash flow from operating activities (A)	311,914	552,113
B. Cash flow generated / (absorbed) from investing activities		
<i>Property, plant and equipment</i>		
(Investments)	-	(29,028)
<i>Intangible assets</i>		
(Investments)	-	(636)
<i>Non-current financial assets</i>		
Investments	(106,865)	(605,467)
Price of disposal	258,899	133,781
<i>Current financial assets</i>		
Price of disposal	-	(15,000)
Cash flow generated / (absorbed) from investing activities (B)	152,034	(516,350)
C. Cash flow generated / (absorbed) from financing activities		
<i>Financing</i>		
Decrease (increase) of loans to affiliates	1,428	(140,071)
Increase (decrease) of loans from affiliates	504,328	212,731
Increase (decrease) of short-term loans to banks	-	-
Loans reimbursement	-	-
<i>Self-financing</i>		
dividends (and interim dividends) paid	(70,000)	(100,000)
Cash flow generated / (absorbed) from financing activities (C)	435,756	(27,340)
Increase (decrease) of cash and cash equivalent (A+B+C)	899,704	8,423
Cash and cash equivalent at January 1, 2016	40,170	31,747
Cash and cash equivalent at December 31, 2016	939,874	40,170

EXPLANATORY NOTES

COMPANY PROFILE

Edizione S.r.l., directly and indirectly, holds long-term equity investments in companies operating mainly in the following sectors: infrastructure & services for mobility, motorway and airport restaurants, textile & clothing, real estate & agriculture.

It also has its own real estate operations, consisting of the management of properties, which are mostly rented to its affiliates as business premises.

See the Directors' Report for information on the performance of subsidiaries and associates, significant events after the close of the year and related party transactions.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

These financial statements were prepared in compliance with the Italian civil code's current requirements for the preparation of financial statements, interpreted and supplemented by the Accounting Principles and Standards issued by the Organismo Italiano di Contabilità (OIC), and are comprised of the Balance Sheet, Income Statement, Cash Flow Statement (prepared in accordance with the schedules set out in articles 2424 and 2424bis, 2425 and 2425bis and 2425ter, respectively) and of these Explanatory Notes, and are based on a going concern assumption.

Annexed to the Explanatory Notes are the statements of changes in property, plant and equipment, intangible assets and equity investments, the list of equity investments in subsidiaries and associates pursuant to Civil Code Art. 2427, the statement of changes in shareholders' equity, and the equity reserve statement pursuant to Civil Code Art. 2427(7 bis).

As a result of the amendments introduced by Legislative Decree 139/2015 to financial statements, certain items in the previous year were reclassified as follows:

Extraordinary income

- *Gains on disposals* of Euro 64,995,007 in a specific item under Financial income;
- *Other extraordinary income* of euro 44,125 in Other revenues and income.

Extraordinary expenses

- *Losses on disposals* of Euro 20,096,646 in a specific item under Interest and financial charges;
- *Previous year tax* of Euro 378,609 under Current taxes;
- *Other extraordinary expenses* of EUR 168,581: as to Euro 166,361, under Other interest and financial charges, and as to Euro 2,220 under Other operating charges.

All amounts are expressed in Euro, unless otherwise specified. Any differences produced by rounding are recognised:

- in *Other reserves* under equity, where the Balance Sheet is concerned;
- in *Other revenues* or *Other operating charges* where the Income Statement is concerned.

ACCOUNTING STANDARDS AND POLICIES

The accounting standards and valuation criteria comply with the provisions of the Italian Civil Code governing the preparation of financial statements, interpreted and supplemented by the standards issued by the Organismo Italiano di Contabilità (OIC). These have been updated with the amendments, additions and innovations introduced to the Civil Code provisions by Legislative Decree 139/2015, which transposes in Italy Directive 2013/34/EU (Accounting Directive). In particular, the accounting principles have been reformulated by the OIC in the version issued on December 22, 2016.

The accounting standards and criteria were agreed upon with the Statutory Auditors, where required by law, and do not differ from those used in previous years unless otherwise specified, other than in cases where the aforesaid changes to the Civil Code provisions had to be implemented.

The Company has made no exceptions to standard rules pursuant to Civil Code Art. 2423.

The most significant valuation criteria used in the financial statements are reported below.

Intangible assets

Intangible assets are carried at cost including ancillary expenses. They are shown net of amortisation, calculated on a straight-line basis depending on the nature of the asset and its estimated useful life.

In the event of permanent impairment, an asset is written down to its estimated realisable value. Should the reasons for the write-down cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

Property, plant and equipment

These are recognised at purchase cost, including ancillary expenses and net of depreciation. The cost of certain assets includes economic and monetary revaluation made in previous years, in accordance with specific laws.

Depreciation is charged on a straight-line basis at rates deemed to reflect their estimated useful lives; the depreciation rate is halved for assets placed in service during the year.

Costs for maintenance and repairs that generate an increase in value are allocated to the related assets and depreciated over their residual useful lives; costs for ordinary maintenance and repairs are recognised in the income statement.

In the event of permanent impairment, an asset is written down to its estimated realisable value. Should the reasons for the write-down cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

Non-current financial assets – Equity investments

These are recognised at purchase or subscription cost, including directly attributable charges, and are impaired for permanent loss in value in accordance with Civil Code Art. 2426. The original value is reinstated in future accounting periods should the reasons for such impairment cease to apply.

The investment in Benetton Group S.p.A. (currently Edizione Property S.p.A.) was revalued in 1983 in compliance with Law 72 of March 19, 1983, using the indirect method. The remaining revaluation amounts to Euro 431,218 and is currently included in the cost of the following investments:

- Edizione Property S.p.A. Euro 51,965
- Schematrentasette S.r.l. Euro 362,561
- Schematrentotto S.r.l. Euro 16,692

Receivables and payables

Measured using the amortised cost method, taking into account the time factor and the estimated recoverable amount. The amortised cost method is not applied when the effects are negligible.

Current financial assets

Equity investments in other companies classified under Current financial assets are recognised at the lower of purchase cost and estimated realisable value, as deduced from stock market prices.

Accruals and Deferrals

Costs and income common to two or more financial years, the extent of which varies over time, are recognised in these items on an accruals basis.

Risks and expense funds

Provisions for risks and charges cover certain or probable liabilities the amount or timing of which was unknown at the end of the year. Provisions reflect the best possible estimate on the basis of available information, even if acquired after the end of the financial period.

Employee termination indemnities

This covers the liability at year end, calculated by means of special indices, accrued to all employees in accordance with laws and collective employment contracts.

Dividends

Dividends are recognised in profit or loss the year their payment is approved, which generally coincides with the year of receipt.

Recognition of income and costs

Revenues, other income, costs and charges are recognised on an accruals basis.

Foreign currency transactions

Receivables and payables originally expressed in foreign currency are translated into Euro on the transaction date. Any foreign currency receivables and payables outstanding at year end are shown at the exchange rate in force on the balance sheet date. Exchange gains and losses are recognised on a separate line of the income statement under the item Foreign exchange gains and losses. Any unrealised gains are recognised in a separate equity reserve, which cannot be distributed until realisation takes place.

Taxes

Income taxes reflect the tax charge forecast on the basis of current tax regulations.

Deferred tax assets and liabilities are recognised if the relevant conditions apply. Deferred tax assets accrue on costs and expenses not yet deductible at the end of the year, and are recognised if they are likely to be recovered in subsequent periods. Deferred tax liabilities are calculated on transactions to be taxed in future years, which may be the case for capital gains on the disposal of non-current financial assets.

Since 2007 Edizione S.r.l. has adopted, as the Consolidating Company, the National Consolidated Taxation System; this group taxation option is currently binding for the three-year period from 2016 to 2018.

Transactions among the companies participating in the group tax election are governed by a set of Regulations signed by all parties. Among other matters, the regulations require that compensation for the tax losses contributed to group taxation be paid by the ordinary deadline for paying the balance of taxes due for the year following that in which the losses are used.

At December 31, 2016 the following companies participated in the National Consolidated Taxation System:

1	Autogrill S.p.A.	10	Olimpias Group S.r.l.
2	Benetton Group S.r.l.	11	Ponzano Children S.r.l.
3	Edizione Property S.p.A.	12	San Giorgio S.r.l.
4	Benetton Servizi S.r.l.	13	Schematrentaquattro S.p.A.
5	Edizione Alberghi S.r.l.	14	Schematrentasette S.r.l.
6	Fabrica S.p.A.	15	Schematrentotto S.r.l.
7	Maccaresse S.p.A.	16	Sintonia S.p.A.
8	Retail Italia Network S.r.l.	17	Villa Minelli società agricola a r.l.
9	Nuova Sidap S.r.l.		

**EXTRAORDINARY TRANSACTIONS: REAL ESTATE
DEMERGER IN FAVOUR OF EDIZIONE PROPERTY**

November 1, 2016 was the effective date of the extraordinary transaction consisting of a proportional partial demerger of the real estate business of Edizione S.r.l. into Edizione Property S.p.A.

The extraordinary transaction resulted a payable of Euro 26 million due by Edizione Property as demerger adjustment.

Below is a summary of the book values of the assets demerged:

(Thousands of Euro)	Demerger plan - values at 12.31.2015	Demerger deed - values at 10.31.2016 (ITA GAAP)	Demerger adjustment
Non-current assets			
Property, plant and equipment			
Land and buildings	130,806	168,550	37,744
Plant and machinery	214	5,838	5,624
Furniture and fittings	145	128	(17)
Assets under construction and advances	43,900	23,838	(20,062)
	175,065	198,354	23,289
Intangible assets			
Deferred charges	864	732	(132)
Intangible assets in progress	-	93	93
	864	825	(39)
Other non-current assets			
Equity investments	989	989	-
Other non-current receivables	15	15	-
	1,004	1,004	-
Total non-current assets	176,933	200,183	23,250
Current assets			
Trade receivables	2,593	439	(2,154)
Tax receivables	22	4,966	4,944
Other current receivables	3,055	97	(2,958)
Cash and cash equivalents	327	157	(170)
Total current assets	5,997	5,659	(338)
TOTAL ASSETS	182,930	205,842	22,912
Shareholders' Equity			
Other reserves	166,682	166,682	-
Total shareholders' equity	166,682	166,682	-
Liabilities			
Current liabilities			
Trade payables	15,579	10,485	(5,094)
Other current payables	637	2,523	1,886
Tax payables	32	-	(32)
Payables for demerger adjustments	-	26,152	26,152
Total liabilities	16,248	39,160	22,912
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	182,930	205,842	22,912

NOTES TO ASSETS ITEMS

(All figures in thousands of Euro)

Non-current assets

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Intangible assets	24	1,540	(1,516)

The breakdown of this item and movements during the year are reported in an annex to these notes. The amount demerged in favour of Edizione Property S.p.A. amounts to Euro 0.825 million. Amortisation for 2016 amounted to € 0.784 million.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Property, plant and equipment	337	175,358	(175,021)

The breakdown of the items and the analysis of movements occurred during the year are reported in an annex to these notes, while the revaluations carried out on properties are listed in the Other information section.

The non-current assets demerged in favour of Edizione Property S.p.A. amount to Euro 198.4 million. Depreciation for 2016 amounted to € 3.5 million.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Non-current financial assets: equity investments	2,696,079	2,849,343	(153,264)

Equity investments held at December 31, 2016 are listed in full, in accordance with article 2427 (2) of the Italian Civil Code, in an annex to these notes.

That list is supplemented by the following additional information:

- Edizione Realty Czech.: the investment has been entirely demerged in favour of Edizione Property S.p.A.;
- Eurostazioni S.p.A.: during the year, the investee company repaid share capital of Euro 45.5 million;
- Gruppo Banca Leonardo: the decrease is due to the distribution of the share premium reserve;
- Hermes International S.A.: the disposal of the entire equity investment resulted in a capital gain of Euro 14.4 million;
- Vinci S.A.: the disposal of the entire equity investment resulted in a capital gain of Euro 6.6 million;
- LBrands Inc.: 100% of the investment was sold, with a capital loss of Euro 20.4 million.

As for the disclosures required by Civil Code Art. 2427 bis regarding equity investments whose fair value is less than their carrying value (on the basis of average stock market prices in December 2016), none of the company's equity investments fall within this category.

The information required by Civil Code Art. 2427 (5) is provided in an annex to these notes. It shows that some equity investments are recognised in the balance sheet at a carrying value exceeding Edizione's share of the net

equity presented in their latest financial statements. In this regard, the value recognised for the investment in Compagnia de Tierras Sud Argentino S.A. is supported by confirmation of the value of the assets held, while for other investments the differences are considered at this time to be immaterial.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Non-current financial assets: other securities	512,046	514,699	(2,653)

These are made up as follows:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Quaestio Opportunity fund shares	500,000	500,000	-
21 Centrale Partners III investment fund shares	2,413	5,758	(3,345)
21 Investimenti II investment fund shares	4,877	6,312	(1,435)
21 Investimenti III investment fund shares	4,756	2,629	2,127
Total	512,046	514,699	(2,653)

Current assets

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Receivables due from subsidiaries	149,223	150,358	(1,135)

The breakdown is as follows:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Edizione Property S.p.A. (formerly Schematrentanove) - financial loan	140,000	140,000	-
Verde Sport S.p.A.	699	1,018	(319)
Autogrill S.p.A.	108	106	2
Other subsidiaries	321	1,943	(1,622)
Receivables from tax consolidation	8,095	7,291	804
Total	149,223	150,358	(1,135)

Receivables from tax consolidation are the sum of amounts due from the individual companies participating in the group tax consolidation which have a net tax liability to the consolidating company Edizione S.r.l.

In detail:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Maccarese S.p.A.	246	373	(127)
Olimpias Group S.r.l.	2,859	2,781	78
Schematrentaquattro S.p.A.	4,880	4,137	743
Schematrentotto S.r.l.	70	-	70
Edizione Alberghi S.r.l.	40	-	40
Total	8,095	7,291	804

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Tax receivables	24,077	23,978	99

These are made up as follows:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
IRES receivables from tax consolidation	4,820	4,377	443
IRES refund due under Art. 2 of Decree Law 201/2011	15,748	15,748	-
IRES refund due under Art. 6 of Decree Law 185/2008	46	46	-
Tax receivables from the mergee Edizione Holding S.p.A.	1,228	1,228	-
VAT receivables	1,909	2,503	(594)
Provisional payment on appeal to provincial C.T.	304	-	304
Other	22	76	(54)
Total	24,077	23,978	99

The IRES (corporate income tax) refund due under article 2 of Decree Law 201/2011 concerns the possibility to deduct IRAP (regional business tax) relating to personnel expense for fiscal years 2007 through 2011 and to apply for a refund of the corresponding tax.

Edizione S.r.l., as consolidating company, has submitted the refund applications concerning the subsidiaries participating in the Tax Consolidation; when the refund is received, it will distribute it to the various subsidiaries, with which it has recognised a payable of the same amount.

Following the demerger, the Euro 4.9 million VAT credit accrued by the real estate business in the first 10 months of 2016 was transferred to the beneficiary Edizione Property.

Tax receivables from the former merged company Edizione Holding S.p.A. consist mostly of corporate income tax (IRPEG) to be refunded, and the related interest accrued.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Other receivables	10	3,044	(3,034)

The amount at December 31, 2015 concerned almost entirely receivables relating to the real estate business, now longer existing as a result of the demerger.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Current financial assets	14,775	14,854	(79)

This refers to the cash invested in the AZ Fund 1 - Institutional Target; to date, the original investment amount of Euro 15.033 million has been written down by a total of Euro 0.258 million.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Cash and cash equivalents	939,874	40,170	899,704

Cash and cash equivalents at December 31, 2016 amounted to Euro 939.9 million, a decrease of Euro 899.7 million from the previous year, and are entirely invested in bank deposits.

The demerger involved the transfer to the beneficiary Edizione Property of cash and cash equivalents amounting to Euro 0.155 million.

COMMENTS ON SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(All figures in thousands of Euro)

SHAREHOLDERS' EQUITY

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Share capital	1,500,000	1,500,000	-

No changes took place during the year.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Revaluation reserve	1,230	1,230	-

These consist of Euro 1,215 for the Revaluation reserve pursuant to Law 72/83 and Euro 15 for the Revaluation reserve pursuant to Law 576/75. They originate from the reconstitution of reserves held by two merged companies, Edizione Holding S.p.A. (Euro 1,079) and Sintonia S.p.A. (Euro 151).

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Legal reserve	70,282	43,802	26,480

The increase refers to the allocation of one twentieth of 2015 net income. The reserve consists entirely of income.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Extraordinary reserve	5,179	5,179	-

This is a Reserve consisting entirely of income, and shows no change since the previous year.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Reserve under Art. 1 Law 169/83	79,923	79,923	-

This reserve was reconstituted from the merged companies Edizione Holding S.p.A. (Euro 70,137) and Sintonia S.p.A. (Euro 9,786) and concerns the allocation made in accordance with article 1 of Law 169/1983, when part of the shares of the subsidiary Benetton Group S.p.A. (now Edizione Property S.p.A.) were placed on the stock market in 1986.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Merger surplus reserve	659,343	826,025	(166,682)

This is the residual surplus from the 2009 merger of the subsidiaries Edizione Holding S.p.A. and Sintonia S.p.A. The decrease refers to the portion allocated to the Edizione Property S.p.A. as beneficiary of the demerger, as provided by the deed of demerger.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Reserve under Law 904/77	1,369	1,369	-

This reserve was reconstituted from the merged companies Edizione Holding S.p.A. (Euro 1,201) and Sintonia S.p.A. (Euro 168).

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Profits carried forward	963,666	530,565	433,101

The increase reflects 2015 profits carried forward.

The statement of changes in equity and the equity reserve statement pursuant to Civil Code Art. 2427(7 bis) are annexed to these notes.

SHAREHOLDERS' EQUITY AND LIABILITIES

Movements during the year were as follows:

Provision for employee termination indemnities

(Thousands of Euro)	2016	2015
Opening balance	579	674
Uses	(111)	(227)
Provisions	157	132
Balance at the end of the fiscal year	625	579

Uses refer to amounts paid to employees' pension funds in 2016.

Payables

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Trade payables	932	10,857	(9,925)

The demerger involved the transfer to the beneficiary Edizione Property S.p.A. of payables due to suppliers amounting to Euro 10.4 million.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Amounts due to subsidiaries	744,159	238,807	505,352

These are made up as follows:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Payables to companies participating in the National Consolidated Taxation System	2,671	2,415	256
Payables for IRES refund as per Art. 2 of Decree Law 201/2011	15,748	15,748	-
Payables for IRES refund as per Art. 6 of Decree Law 185/2008	46	2,563	(2,517)
Schematrentaquattro S.p.A. - intercompany account	722,185	208,248	513,937
Edizione Property S.p.A. - intercompany account	-	5,513	(5,513)
Schematrentasette S.r.l. - intercompany account	3,306	3,385	(79)
Other payables due to subsidiaries	203	935	(732)
Total	744,159	238,807	505,352

Payables for IRES refunds concern the companies participating in the tax consolidation which, jointly with the consolidating company Edizione S.r.l., have filed for such a refund. Specifically, Euro 12.5 million refers to Autogrill group companies and Euro 3.3 million to companies in the Benetton group.

Payment by the consolidating company Edizione S.r.l. to each of the consolidated companies is subject to the actual payment by the Tax Authorities of the same amount recorded under Tax receivables.

Below are the details of payables to companies participating in the National Consolidated Taxation System:

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Benetton group	2,536	1,935	601
Autogrill group	20	288	(268)
Schemaquattordici S.p.A.	1	56	(55)
Maccarese S.p.A.	63	61	2
Others	51	75	(24)
Total	2,671	2,415	256

COMMITMENTS, GUARANTEES AND RISKS NOT STATED IN THE BALANCE SHEET

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Guarantees granted on behalf on subsidiaries	48,030	86,945	(38,915)

The amount refers to the guarantees given to the Italian tax authorities in relation to Group VAT by certain subsidiary companies.

(Thousands of Euro)	12.31.2016	12.31.2015	Change
Commitments	11,578	14,357	(2,779)

These are the residual commitments in investment funds subscribed and not yet paid in. Payments will be made as required by the funds.

Guarantees provided as part of the sale of Olimpia

At the time of selling the equity investment in Olimpia S.p.A., all tax risks regarding tax periods up to the date of sale contractually remained with the sellers (Pirelli and Sintonia).

The still ongoing dispute can be summarised as follows.

In late 2006, the Italian tax authorities served on Olimpia S.p.A. a notice of assessment concerning IRAP for tax year 2001.

More specifically, on the basis of its own argument (which according to the company was completely unfounded both from a legal and an economic point of view), the Agency identified a non-existent financial income on the Bell bond issue repayable in Olivetti shares, resulting in IRAP tax amounting to Euro 26.5 million (Pirelli & C.'s share: Euro 21.2 million), plus penalties for the same amount.

Olimpia S.p.A. objected to this tax imposition on grounds of patent non-existence of the taxable income identified by the Agency. The Tax Court of First Instance upheld the company's appeal and annulled the assessment in full. The Italian tax authorities appealed against that decision.

The appeal was rejected by the Regional Tax Court.

Despite being ruled against twice will well-grounded decisions, the Agency filed an appeal to the Court of Cassation, against which Olimpia S.p.A. filed a defence. During the hearing of December 21, 2016, the General Prosecutor unexpectedly proposed, without any basis in the law or in the proceedings, that the appeal of the State Legal Advisory Service should be upheld and the case should be submitted for review to another section of the Regional Tax Court. At the end of the hearing, our counsel submitted a brief opposing that proposal and providing the reasons for the opposition. The company is awaiting the decision of the Supreme Court, the filing of the judgment and the grounds thereof.

However, because of the strength of our arguments, confirmed by our legal advisors and not weakened by the General Prosecutor's request, we have reason to believe that the risk is not such as to require the allocation of any specific reserve in the financial statements at December 31, 2016.

INCOME STATEMENT

(All figures in thousands of Euro)

(Thousands of Euro)	2016	2015	Change
Revenues from sales and services	8,656	8,764	(108)

Revenues are broken down as follows:

(Thousands of Euro)	2016	2015	Change
Rents	8,415	8,466	(51)
Other real estate income	241	298	(57)
Total	8,656	8,764	(108)

(Thousands of Euro)	2016	2015	Change
Other revenues and income	588	882	(294)

These are mainly services provided to directly or indirectly owned companies.

(Thousands of Euro)	2016	2015	Change
Cost of services	12,294	11,240	1,054

These are made up as follows:

(Thousands of Euro)	2016	2015	Change
Company officers' emoluments	5,904	6,473	(569)
Property management and maintenance expenses	2,814	3,008	(194)
Consulting and professional services	2,169	486	1,683
Telephones and other costs	480	445	35
Travel expenses	435	395	40
IT consulting and maintenance	199	153	46
Maintenance and cleaning	54	40	14
Other	239	240	(1)
Total	12,294	11,240	1,054

Property management costs include a Euro 2.0 million pro-rata fee paid to the subsidiary Edizione Property S.p.A. for real estate management services provided until the effective date of the demerger.

(Thousands of Euro)	2016	2015	Change
Personnel costs	3,011	2,702	309

At December 31, 2016 the Company had a workforce of 18 (18 in the previous year), while the average number of employees by category was as follows:

(FTEs)	2016	2015	Change
Executives	6	5	-
Employees	12	10	-

(Thousands of Euro)	2016	2015	Change
Other operating costs	4,102	3,580	522

In detail:

(Thousands of Euro)	2016	2015	Change
Donations	1,676	1,685	(9)
Non-deductible VAT	665	342	323
Taxes paid abroad	766	454	312
Real estate taxes (IMU, TASI and TARES)	734	823	(89)
Property management costs	7	54	(47)
Membership fees	40	32	8
Other expenses	214	188	26
Reclassified from Other extraordinary expenses	-	2	(2)
Total	4,102	3,580	522

(Thousands of Euro)	2016	2015	Change
Income from equity investments	321,397	546,888	(225,491)

Details are as follows:

(Thousands of Euro)	2016	2015	Change
Dividends from Schematrentaquattro S.r.l.	15,300	430,000	(414,700)
Dividends from Sintonia S.p.A.	229,846	99,000	130,846
Dividends from Pirelli & C. S.p.A.	-	2,748	(2,748)
Dividends from Assicurazioni Generali S.p.A.	10,554	8,795	1,759
Dividends from Eurostazioni S.p.A.	54,823	1,680	53,143
Dividends from Mediobanca S.p.A.	5,029	4,656	373
Dividends from Atlantia S.p.A.	440	-	440
Dividends from Hermes International	870	-	870
Dividends from L Brands Inc.	3,560	-	3,560
Dividends from Vinci S.A.	892	-	892
Other dividends and income from equity investments	83	9	74
Total	321,397	546,888	(225,491)

(Thousands of Euro)	2016	2015	Change
Other financial income	24,638	69,700	(45,062)

Details are as follows:

(Thousands of Euro)	2016	2015	Change
Income from mutual funds	1,097	4,257	(3,160)
Financial income from subsidiaries	545	129	416
Other financial income	1,080	319	761
Gains on disposals of equity investments (2015 reclassified from extraordinary income)	21,916	64,995	(43,079)
Total	24,638	69,700	(45,062)

Capital gains mainly originate from the sale to third parties of investments held in Hermes International S.A. (Euro 14.4 million) and Vinci S.A. (Euro 6.6 million)

Those of the previous year concerned the sale of investments in Club Mediterranée S.A. (Euro 12.3 million), Benetton USA Corp. (Euro 1.3 million) and Pirelli & C. (Euro 51.4 million).

(Thousands of Euro)	2016	2015	Change
Financial interest and other charges	22,695	21,985	710

The breakdown is as follows:

(Thousands of Euro)	2016	2015	Change
Interest charges on loans	-	1,273	(1,273)
Financial charges from Interest Rate Swap	20,389	20,097	292
Interest charges from subsidiaries	2,026	438	1,588
Other financial charges	280	177	103
Total	22,695	21,985	710

Capital losses for the year 2016 are related to the sale to third parties of the equity investment in L Brands.

Those for the year 2015 were related to the sale of the investment in Pirelli & C.

(Thousands of Euro)	2016	2015	Change
Impairment	79	57,255	(57,176)

In the previous year, these referred almost entirely to the write-down of the investment in Assicurazioni Generali; in 2016, they refer to adjustment to market values of the shares held in AZ Fund 1 – Institutional Target.

(Thousands of Euro)	2016	2015	Change
Income taxes for the year	1,371	6,979	(5,608)

The following allocations have been made:

(Thousands of Euro)	2016	2015	Change
Current taxes: IRES - remuneration of the tax loss	1,324	7,358	(6,034)
Current taxes: IRES - remuneration of R.O.L.	(35)	-	(35)
Previous years taxes	82	(379)	461
Total	1,371	6,979	(5,608)

Current taxes represent the estimated remuneration of the tax loss of Edizione S.r.l. used in the tax consolidation to offset the taxable income amounts contributed by other companies participating in the consolidation scheme.

OTHER INFORMATION

Compensation of Directors, Statutory Auditors and Independent Auditors

The following annual compensation is due to the Directors, Statutory Auditors and Independent Auditors:

(in Euro)	2016	2015
Directors' emoluments	5,845,800	6,416,000
Statutory auditors' emoluments	52,500	52,500
Independent auditors' fees	80,000	80,000
Total	5,978,300	6,548,500

The fees contractually due to the independent auditors refer entirely to account auditing services provided during the year.

Information pursuant to Law 72 of March 19, 1983 (article 10)

Below are details of revaluations carried out on assets still held at December 31, 2016:

(in Euro)	
Equity investments:	
- revaluations under Law 72 / 1983	431,218
Total	431,218

RELATED PARTY TRANSACTIONS

Below is a summary of transactions carried out during the year with direct and indirect subsidiaries and associates.

(Thousands of Euro)	Receivables	Payables	Interest charges	Interest income	Costs of services received	Income from services rendered	Rental income	Other income and revenues
AdR - Aereoporti di Roma S.p.A.	23					23		
Atlantia S.p.A.	1					180		
Autogrill S.p.A.	108	12,550			45	108		
Benetton Group S.r.l.	41	4,289				40	3,523	83
Bensec					344			
Benetton Retail Italia S.r.l.		329						
Edizione Alberghi S.r.l.	40				20		1,258	95
Edizione Property S.p.A.	140,213	71	27	534	1,752	41	124	41
Fabrica S.p.A.								
Maccarese S.p.A. società agricola	178	55						
Retail Italia Network S.r.l.		61					476	18
Nuova Sidap S.r.l.								
Olimpias Group S.r.l.	2,899	1,122				40		
Ponzano Children S.r.l.		4						
San Giorgio S.r.l.	67	9						
Schemaquattordici S.p.A.								
Schematrentatrè S.r.l.		55				10		
Schematrentaquattro S.p.A.	4,881	722,185	1,972			30		
Schematrentasei S.r.l.		3						
Schematrentasette S.r.l.	71	3,306	13			10		
Schematrentotto S.r.l.		46				10		
Schemaquaranta S.r.l.		50						
Sintonia S.p.A.	2	16	14			13		
Verde Sport S.p.A.	699			11				
Villa Minelli S.c.a.r.l.		7			6		4	
Total	149,223	744,158	2,026	545	2,167	505	5,385	237

Interest income and charges concern intercompany loans and current accounts with Group companies that charge interest at going market rates.

As in previous years, the cost of services received from Edizione Property S.p.A. refers to the subsidiary's management of the real estate portfolio from January 1 to October 31, 2016.

Income from services rendered consists primarily of the reimbursable fees for directorships held in affiliate companies by the Company's employees.

Rental income derives from the rental of properties and commercial assets.

Receivables and payables refer mainly to the company's relations with the subsidiaries participating in the tax consolidation scheme and to the interest-bearing loan of Euro 140 million granted to the subsidiary Edizione Property S.p.A.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE FINANCIAL YEAR

2017 saw a major change in the governance of Edizione S.r.l.

During the meeting held on January 18, 2017, the shareholders appointed Mr. Fabio Cerchiali as Chairman of the Board of Directors and Mr. Marco Patuano as new Chief Executive Officer. On the same date, Gilberto Benetton took on the office of Deputy Chairman.

On this occasion, an Advisory Committee was also established, composed of three to five members, not necessarily selected among Edizioni Board members.

Early in the year, Edizione transferred its offices to the building located in Piazza Duomo in Treviso ("Former Court"), which has become the company's new headquarters.

PROPOSED RESOLUTION

Dear Shareholders,

To conclude our report, we move to:

- approve the financial statements at and for the year ended December 31, 2016 and the Directors' Report submitted to you;
- allocate net income for the year of Euro 307,984,991.46 as follows:
 - to the legal reserve: Euro 15,400,000.00
 - to the shareholders, total dividends of Euro 140,000,000.00;
 - the remainder to "Profits carried forward".

Treviso, May 22, 2017

Chairman of the Board of Directors
Fabio Cerchiai

ANNEXES TO THE EXPLANATORY NOTES

- Statement of changes in intangible assets
- Statement of changes in property, plant and equipment
- Statement of changes in non-current financial assets: equity investments
- List of equity investments in subsidiaries and associates
- Statement of changes in shareholders' equity
- Schedule pursuant to Art. 2427(7 bis) of the Italian Civil Code

STATEMENT OF CHANGES IN INTANGIBLE ASSETS

(in Euro)	Carrying value at January 1, 2016			Increases				Decreases		Carrying value at December 31, 2016		
	Cost	Accumulated	Accumulated	Net value	Additions	Demerger	Disposals	Impairments	Amortisation for the year	Cost	Amortisation	Net value
		revaluations	amortisation									
Industrial patent rights and intellectual property rights:	70,758	-	32,913	37,845	-	-	-	-	13,426	70,758	46,339	24,419
Issuance costs for credit lines	9,895,362	-	9,256,710	638,652	-	-	-	-	638,652	9,895,362	9,895,362	-
Other intangible assets	1,177,350	-	313,630	863,720	93,100	(824,779)	-	-	132,041	-	-	-
TOTAL	11,143,470	-	9,603,253	1,540,217	93,100	-	-	-	784,119	9,966,120	9,941,701	24,419

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(in euro)	Carrying value at January 1, 2016			Increases			Decreases			Carrying value at December 31, 2016				
	Accumulated		Net value	Additions	Reclassifications	Disposals		Demergers	Depreciation for the year	Depreciation				
	Cost	rev. valuations				depreciation	Cost			Depreciations	Net value	Cost	Depreciation	Net value
Land	57,591,260	(3,596,511)	-	53,994,749	-	-	-	-	(53,994,749)	-	-	-	-	-
Buildings	128,350,550	-	51,587,002	76,810,941	9,791	40,648,020	-	-	(169,055,754)	(54,500,386)	2,913,384	-	-	-
Total land and buildings	185,941,810	(3,549,118)	51,587,002	130,805,690	9,791	40,648,020	-	-	(223,050,503)	(54,500,386)	2,913,384	-	-	-
Plant and machinery	5,670,289	-	5,333,033	337,256	128,403	6,114,626	-	-	(11,574,473)	(5,736,708)	547,233	338,845	143,558	195,287
Industrial and commercial equipment:														
- Office furniture	615,056	-	473,369	141,687	-	-	-	-	(269,148)	(144,373)	16,912	345,908	345,908	-
- Office electronic machines	859,559	-	687,072	172,487	29,279	-	27,596	24,036	(43,108)	(40,284)	53,844	818,134	676,596	141,538
- Office furnishing	147,793	-	147,618	175	-	-	-	-	-	-	175	147,793	147,793	-
- Residential furnishing	469,737	-	469,737	-	-	-	-	-	(469,737)	(469,737)	-	-	-	-
- Other equipment	73,396	-	73,396	-	-	-	-	-	(71,787)	(71,787)	-	1,609	1,609	-
Total industrial and commercial equipment	2,165,541	-	1,851,192	314,349	29,279	-	27,596	24,036	(853,780)	(726,181)	70,931	1,313,444	1,171,906	141,538
Other assets	49,000	-	49,000	-	-	-	49,000	49,000	-	-	-	-	-	-
Non-current assets in progress and advances	43,900,382	-	-	43,900,382	26,700,833	(46,762,646)	-	-	(23,838,569)	-	-	-	-	-
TOTAL	237,727,022	(3,549,118)	58,820,227	175,357,677	26,868,306	-	76,596	73,036	(259,317,325)	(60,963,275)	3,531,548	1,659,352	1,517,814	336,825

STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS

(in Euro)												
	Carrying value at January 1, 2016		Increases			Adjustments		Decreases		Carrying value at December 31, 2016		
	Cost	Revaluations/ (Accumulated impairment)	Value at January 1, 2015	Acquisitions and incorporations	Capital increases and other movements	Reversal of impairments	Demergers Mergers for incorporation	Disposals, capital payments and other	Impairments	No. of shares	Percentage held	Carrying amount
Subsidiaries												
Cia de Tierras Sud Argentino S.A.	3,062,992	-	3,062,992	-	-	-	-	-	-	12,657,185	5	3,062,992
Edizione Property S.p.A. (formerly Schematrentanove S.p.A.)	92,961,228	51,965	93,013,193	-	-	-	-	-	-	4,000	100	93,013,193 ⁽¹⁾
Edizione Realty Czech S.r.o.	988,596	-	988,596	-	-	-	(988,596)	-	-	-	-	-
Maccarese S.p.A. società agricola	32,396,959	-	32,396,959	-	-	-	-	-	-	34,485,805	100	32,396,959
San Giorgio S.r.l.	10,544,013	-	10,544,013	-	-	-	-	-	-	-	100	10,544,013
Scheraquattordici S.p.A.	-	-	-	-	-	-	-	-	-	62,972,033	59	-
Schematrentatre S.p.A.	131,000	-	131,000	-	50,000	-	-	-	-	120,000	100	181,000
Schematrentaquattro S.p.A.	1,806,374,248	-	1,806,374,248	-	-	-	-	-	-	100,000,000	100	1,806,374,248
Schematrentasei S.r.l.	20,031	-	20,031	-	-	-	-	-	-	-	100	20,031
Schematrentasette S.r.l.	187,907,348	362,561	188,269,909	-	-	-	-	-	-	-	100	188,269,909 ⁽²⁾
Schematrentotto S.r.l.	8,746,404	16,692	8,763,096	-	-	-	-	-	-	-	100	8,763,096 ⁽³⁾
Schemaquaranta S.r.l.	310,000	-	310,000	-	-	-	-	-	-	-	100	310,000
Schemaquarantuno S.r.l.	-	-	-	210,000	-	-	-	-	-	-	100	210,000
Sintonia S.p.A.	208,746,843	-	208,746,843	-	-	-	-	-	-	930,000	100	208,746,843
Verde Sport S.p.A.	19,071,290	(11,028,250)	8,043,040	-	-	-	-	-	-	8,000,000	100	8,043,040
			2,360,663,920	210,000	50,000	-	(988,596)	-	-			2,359,935,324
Associates												
Bensec società consortile a r.l.	3,850	-	3,850	-	-	-	-	-	-	-	4	3,850
Eurostazioni S.p.A.	50,759,976	-	50,759,976	-	-	-	-	-	-	52,333,333	32.71	5,229,976
			50,763,826	-	-	-	-	-	-			5,233,826
Other companies												
Assicurazioni Generali S.p.A.	374,905,665	(182,875,384)	192,030,281	-	-	-	-	-	-	14,658,800	0.94	192,030,281
Callagione Editore S.p.A.	2,547,090	-	2,547,090	-	-	-	-	-	-	2,799,000	2.24	2,547,090
Gruppo Banca Leonardo S.p.A.	6,606,163	-	6,606,163	-	-	-	-	934,455	-	505,111	1.83	5,671,708
Hermes International	72,216,336	-	72,216,336	12,042,693	-	-	-	84,259,029	-	-	-	-
I Sole 24 Ore S.p.A.	15,333,324	(13,706,658)	1,626,666	-	-	-	-	-	-	2,666,665	2.00	1,626,666
L Brands Inc.	33,854,288	-	33,854,288	53,061,761	-	-	-	86,916,049	-	-	-	-
Mediobanca S.p.A.	281,570,837	(152,536,639)	129,034,198	-	-	-	-	-	-	18,625,029	2.16	129,034,198
Vinci S.A.	-	-	-	41,501,194	-	-	-	41,501,194	-	-	-	-
			437,915,022	106,605,648	-	-	-	213,610,727	-			330,909,943
TOTAL EQUITY INVESTMENTS			2,849,342,768	106,815,648	50,000	-	-	213,610,727	-			2,696,079,093

(1) of which reversals of impairments Euro 51,965

(2) of which reversals of impairments Euro 362,561

(3) of which reversals of impairments Euro 8,692

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(amounts in Euro unless stated otherwise)

Name	Location	Share capital	Shareholders' equity	Profit/(Loss) for the year	Interest held		Balance sheet value
					no. of shares	percentage held	
Edizione Property S.p.A.	Villorba - Viale Felissent 20/D	4,000,000	530,509,000	17,570,000	4,000	100.00	93,013,193
		(ARS 253,000,000)	(ARS 426,091,870)	(ARS 44,165,330)			
Compagnia de Tierras Sud Argentino S.A.	(1) Buenos Aires (Argentina) - Esmeralda 684	17,946,826	25,440,143	2,636,925	12,657,185	5.00	3,062,992 (3)
Maccarese S.p.A.	Fiumicino (Rome) - Maccarese	34,485,805	31,668,479	451,450	34,485,805	100.00	32,396,959
San Giorgio S.r.l.	Fiumicino (Rome) - Maccarese	100,000	8,880,717	(125,227)	-	100.00	10,544,013
Schemaquattordici S.p.A. in liquidation	Treviso - Viale Felissent, 90	1,067,494	1,774,198	368,461	62,972,033	58.99	-
Schematrentatre S.p.A.	Treviso - Calmaggione, 23	120,000	96,996	(23,485)	120,000	100.00	181,000
Schematrentaquattro S.p.A.	Treviso - Calmaggione, 23	100,000,000	1,865,176,530	17,087,149	100,000,000	100.00	1,806,374,248
Schematrentasei S.r.l.	Treviso - Calmaggione, 23	15,000	12,506	(690)	-	100.00	20,031
Schematrentasette S.r.l.	Treviso - Calmaggione, 23	225,708,580	1,009,674,626	(8,499)	-	100.00	188,269,909
Schematrentotto S.r.l.	Treviso - Calmaggione, 23	8,411,895	80,998,612	21,066,947	-	100.00	8,763,096
Schemaquaranta S.r.l.	Treviso - Calmaggione, 23	10,000	183,178	(125,834)	-	100.00	310,000
Schemaquarantuno S.r.l.	Treviso - Calmaggione, 23	10,000	207,603	(2,397)	-	100.00	210,000
Sintonia S.p.A.	Treviso - Calmaggione, 23	930,000	2,583,946,881	229,661,630	930,000	100.00	208,746,843
Verde Sport S.p.A.	Treviso - Strada di Nascimben 1/b	8,000,000	8,272,854	253,725	8,000,000	100.00	8,043,040
Bensec società consortile a r.l.	(2) Ponzano Veneto (TV) - Via Villa Minelli, 1	110,000	212,924	6,161	-	3.50	3,850
Eurostazioni S.p.A.	Rome - Via Montello, 10	155,200,000			52,333,333	32.71	5,229,976

(1) 95% is held by the subsidiary Edizione Property S.p.A.

(2) Additional 35% is held by the subsidiary Benetton Group S.p.A.

(3) Amounts in foreign currencies are translated at exchange rate at the end of the year

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euro)	Share capital	Legal reserve	Revaluation reserve under Law 72/83	Revaluation reserve under Law 576/75	Reserve under Art. 1 Law 16/93	Reserve under Law 90/77	Extraordinary reserve	Merger surplus reserve (1)	Profits, Net Income/ (loss) for the year	Roundings	Total
Balance at 01.01.2015	1,500,000,000	15,447,704	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	567,079,031	1	3,088,093,517
Allocation of 2014 net income	-	26,353,952	-	-	-	-	-	438,725,079	(467,079,031)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(100,000,000)	-	(100,000,000)
Profit for the year 2015	-	-	-	-	-	-	-	-	529,580,739	-	529,580,739
Roundings	-	-	-	-	-	-	-	-	-	-	-
Balance at 12.31.2015	1,500,000,000	43,801,656	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	529,680,739	1	3,517,674,256
Allocation of 2015 net income	-	26,480,000	-	-	-	-	-	-	(459,580,739)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(70,000,000)	-	(70,000,000)
Demerger in favour of Edizione Property	-	-	-	-	-	-	-	(166,682,406)	-	-	(166,682,406)
Profit for the year 2016	-	-	-	-	-	-	-	-	307,984,991	-	307,984,991
Roundings	-	(1)	-	-	-	-	-	-	-	-	(1)
Balance at 12.31.2016	1,500,000,000	70,281,655	1,214,870	15,322	79,923,421	1,368,640	5,179,444	659,342,583	307,984,991	1	3,588,976,840

(1) The tax value after the 2015 demerger is Euro 1,664,91

(2) The tax value after the 2016 demerger is Euro 14,620

(3) The tax value after the 2016 demerger is Euro 75,217,777

(4) The tax value after the 2016 demerger is Euro 130,50,680

(5) The adjustment of Merger Surplus is the same as for Income-related reserves

**SCHEDULE PURSUANT TO ART. 2427(7 BIS) OF THE
ITALIAN CIVIL CODE**

Type	Amount	Possibility of utilisation		Summary of utilisations in the past three years	
		Amount available		for loss coverage	for other purposes (*)
Share capital	1,500,000,000	-		-	-
Capital reserves					
Revaluation reserve (**)	1,230,192	A B C	1,230,192	-	-
Revaluation under Art. I Law 169/1983 (**)	79,923,421	A B C	79,923,421	-	-
Reserve under Law 904/1977 (**)	1,368,640	A B C	1,368,640	-	-
Income-related reserves					
Legal reserve	70,281,655	B	70,281,655	-	-
Extraordinary reserve	5,179,444	A B C	5,179,444	-	-
Profits carried forward	963,665,913	A B C	963,665,913	-	-
Merger surplus reserve	659,342,583	A B C	659,342,583	-	-
Total	3,280,991,848		1,780,991,848	-	-
Non-distributable amount of the Share premium	-		-	-	-
Residual distributable amount			1,780,991,848		

Key:

A = capital increase

B = loss coverage

C = dividend pay-out

(*) = the item does not include the reclassifications between the reserves in equity

(**) = Reserves that, if distributed to shareholders would form part of the taxable income of the tax period in which they were distributing

REPORT OF THE INDEPENDENT AUDITORS



Deloitte & Touche S.p.A.
Via Fratelli Bandiera, 3
31100 Treviso
Italia

Tel: +39 0422 587.5
Fax: +39 0422 587812
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ART. 165-BIS OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Quotaholders of
Edizione S.r.l.

Report on the Financial Statements

We have audited the accompanying financial statements of Edizione S.r.l., which comprise the balance sheet as at December 31, 2016, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Edizione S.r.l. as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

**Report on Other Legal and Regulatory Requirements**

Opinion on the consistency of the Directors' Report with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the Directors' Report, which is the responsibility of the Directors of Edizione S.r.l., with the financial statements of Edizione S.r.l. as at December 31, 2016. In our opinion, the Directors' Report is consistent with the financial statements of Edizione S.r.l. as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
June 9, 2017

This report has been translated into the English language solely for the convenience of international readers.

CONTACTS

Edizione S.r.l.
Piazza del Duomo, 19
31100 Treviso – Italy

Tel. +39 0422 5995
Fax +39 0422 412176
mailbox@edizione.it
www.edizione.it

Tax code, VAT and Treviso
Register of Companies No. 00778570267
Treviso Chamber of Commerce REA 148942
Share capital Euro 1,500,000,000.00 fully paid-in