



Fondazione  
Fiera  
Milano



**FIERA MILANO**

***FIERA MILANO AND FONDAZIONE FIERA MILANO HAVE REACHED AN AGREEMENT FOR THE LEASES ON THE EXHIBITION SITES OF RHO AND MILAN***

- *Compared to the previous agreement, the new lease agreement provides for a Euro 2 million reduction in the rent on the Rho exhibition site in the second semester 2014 and an annual reduction of Euro 14 million from 2015 giving a total reduction in rent for the duration of the contract of Euro 121 million*
- *In 2015, due to the presence of EXPO and the positive impact this event will have on the Company, Fiera Milano will pay Fondazione Fiera Milano an additional variable amount of rent that will not exceed Euro 10 million*
- *The terms of the lease agreement for the Milan exhibition site are unchanged*

**Milan, 14 March 2014.** Given the expiry of the current agreements on 31 December 2014, the Ente Autonomo Fiera Internazionale di Milano (“**Fondazione Fiera Milano**”), as the lessor of the exhibition sites of Rho and Milan, and Fiera Milano S.p.A. (“**Fiera Milano**”), as the lessee of the infrastructure assets owned by Fondazione Fiera Milano, announce a new lease agreement for the exhibition sites. The transaction, which is the subject of the present communication, covered new lease agreements between Fondazione Fiera Milano and Fiera Milano for the aforementioned exhibition sites of Rho and Milan (the “**Transaction**”).

“The new lease agreement – *commented Benito Benedini, the Chairman of Fondazione Fiera Milano*, – is the outcome of negotiations between Fiera Milano S.p.A. and Fondazione Fiera Milano that were consistent with the mission of the latter to promote and increase the organisation of exhibitions and the development of the economy in general. We are confident that the resources that will become available as a result of these negotiations will be directed to supporting the activities of Fiera Milano and thereby Italian industry as exhibitions are a competitive tool at an international level for which there is no substitute. Moreover the new lease agreement is based on a careful evaluation of the economic suitability for both Fondazione Fiera Milano, as the owner of the two exhibition sites, and Fiera Milano S.p.A., the company charged with managing the sites.”

**The Chairman of Fiera Milano, Michele Perini, said:** “The renegotiation of the lease agreement, which Fiera Milano had told the market was one of its priorities, has ended to the mutual satisfaction of both parties. The greatly changed environment of the exhibition sector necessitated a review of the existing terms of agreement. Together with Fondazione we have reached a fair position with a reduction in the rent on the Rho exhibition site that will be introduced from July of this year. We are talking of a highly significant saving that amounts to Euro 121 million over the nine years of the agreement. This saving will free up important



resources to be used to strengthen the competitive position of the Group and, more in general, create value for all stakeholders.”

As regards the Rho exhibition site, the current rental agreement is for an annual rent of 6% of the investment made by Fondazione Fiera Milano to construct the site with annual increases equal to the change in the ISTAT index for the preceding year. The rent for 2013 was Euro 52.5 million and for the first semester of 2014 will be Euro 26.4 million.

Under the new agreement, the current rent will be reduced by Euro 2 million in the second semester of 2014 and by Euro 14 million for the full-year 2015. Therefore, the rent is Euro 24.4 million for the second semester of 2014 and Euro 38.8 million from 2015, annually adjusted for 100% of the change in the ISTAT consumer price index.

Because of EXPO 2015, which is expected to have a positive impact on the exhibition business of Fiera Milano, for 2015 alone Fondazione Fiera Milano will be paid an additional rent of 15% of any revenues generated in 2015 by Fiera Milano S.p.A. that exceed the average annual revenues of the three-year period 2012-2014. The additional rent that Fiera Milano will pay will not exceed Euro 10 million.

The new rental agreement has a duration of nine years from 1 July 2014 and may be automatically renewed for a further nine years.

As regards the Milan exhibition site, the parties agree to maintain the current rent of Euro 2.850 million per annum, annually adjusted for 100% of the change in the ISTAT index. It should be noted that the aforementioned rental agreement was the outcome of negotiations between the two parties; it reflects and is in line with the considerations on fairness made by the independent expert Jones Lang La Salle S.p.A. (“**JLL**”).

The rental agreements constitute a related-party transaction as Fondazione Fiera Milano has a controlling shareholding of 62.062% in the share capital of Fiera Milano.

The Transaction is also a transaction of greater importance under Article 5 of Consob Regulation no. 17221 of 2010 on related-party transactions (the “**Consob Regulation**”) and of Article 10.2 of the Procedure regarding transactions with related parties adopted by Fiera Milano (the “**Fiera Milano Procedures**”) as it exceeds the value limits contained therein. As Fiera Milano qualifies as a “small and mid cap company”, as defined in Article 3, first paragraph, letter (f) of the Consob Regulation, the Company could have availed itself of the exemption permitted under Article 10, paragraph 1 of the same Regulation and could therefore have applied to a transaction of greater importance (such as the one described above) the procedures for transactions of lesser importance. However, because of the highly sensitive nature of the Transaction and its importance to the corporate activities of the Company, the Board of Directors of Fiera Milano,



on the suggestion of the Control and Risk Committee, chose to employ for this Transaction the more rigorous procedures required for transactions of greater importance.

The rental agreement was prepared also taking account of a valuation done by an independent expert acting for Fiera Milano S.p.A. (JLL) and one acting for Fondazione Fiera Milano (the firm of Prof. L. Guatri) using the criteria and value range shown in the Information Document, which will be made publicly available under the Fiera Milano Procedures and will include as attachments the opinions regarding fairness given by the independent expert JLL.

The advisor to Fiera Milano carried out its own valuation using methodological procedures to calculate the rent that a lessee, whose corporate affairs are characterised by a strict correlation between the management component and the property component, would be prepared to pay. JLL analysed comparable companies in the sector and, lacking adequate comparable companies in the exhibition sector, looked at related sectors (tourist facilities, hotels, shopping malls etc.). The advisor also considered the peculiar characteristics of the Rho exhibition site both in terms of its size and in terms of the inflexibility/adaptability of the asset to the operational requirements of Fiera Milano and it carried out an in-depth analysis of the different types of areas and their contribution to the overall revenues generated by Fiera Milano.

The criteria used by the advisor to Fondazione Fiera Milano, the firm of Prof. L. Guatri, included benchmarking on a European level of the main competitor exhibition sites to Milan and a study of the sustainability elements of the rent for the lessee and the profitability elements on the real estate investment.

Negotiations followed between the parties, based also on the findings of their respective advisors, the outcome of which was the agreement described in the present press release. Members of the Control and Risk Committee, made up of independent Directors in accordance with the Consob Regulation and the Fiera Milano Procedures, also took part in the negotiations on behalf of Fiera Milano. On 11 March 2014, the aforementioned committee expressed a positive opinion regarding the benefit of the Transaction to the Company and of the fairness of the relevant terms. The independent expert also expressed a positive opinion on the fairness of the Transaction on 10 March 2014.

The Transaction which is the subject of this communication was approved by the administrative bodies of Fiera Milano and of Fondazione Fiera Milano today. The aforementioned rental agreements are scheduled to be signed during March 2014.

Following the deliberations of the Board of Directors of Fiera Milano, the latter, also given the opinions expressed by the independent advisors and by the Control and Risk Committee, expressed its own favourable opinion regarding the fairness of the rental amounts in the lease agreements of the Transaction.



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The information documents for the Transaction and attachments (including the opinion of the Control and Risk Committee of Fiera Milano and the opinions regarding fairness of JLL) will be publicly available at the registered office and the operational and administrative office of the Company and at Borsa Italiana S.p.A. and can be consulted on the website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Related-party Transactions* within seven days of today's date.

*For further information:*

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