



AEFFE S.p.A.

Registered Offices in San Giovanni in Marignano - RN

Via delle Querce 51

Share Capital € 26,840,626.00

Rimini Business Register and Tax Code No. 01928480407

SHAREHOLDERS' MEETING

19TH APRIL 2012

REPORT ON AGENDA ITEMS

prepared pursuant to para. 1 of art. 125-ter of Decree No. 58 dated 24th February 1998 and subsequent amendments ("TUF") and art. 84-ter of the regulations adopted by Consob Resolution No. 11971 dated 14th May 1999 and subsequent amendments ("Issuers' Regulations").

Item no. 1

Approval of the financial statements of Aeffe S.p.A. as of 31st December 2011 and related and consequent resolutions. Presentation to the Meeting of the consolidated financial statements as of 31st December 2011.

Stockholders,

With reference to the first item on the agenda, you are invited to approve the financial statements of the Company as of 31st December 2011.

Before this, we consider it essential to highlight the principal macroeconomic variables that have influenced the operations of the Group.

Global activity slowed considerably during 2011, but did not collapse. The tensions affecting sovereign debt in the euro area, combined with ongoing uncertainty about the stability of public sector finances in the United States, are hindering the growth prospects of the advanced economies.

In particular, economic activity in Italy has been affected by the domestic and international situation, with a rise in unemployment and a drop in GDP. Against this, inflationary pressures have eased in view of the moderation of costs and the weakness of demand.

Nevertheless, the outlook for the global economy is still clouded by numerous uncertainties linked to the effects of work to stabilize public sector accounts in the advanced economies. On the one hand, the repercussions of the sovereign debt crisis in Europe are not yet readily quantifiable: continuing difficulties with the sourcing of funds by the European banking sector could reduce its ability to provide credit to the economy, fueling a downward spiral reflected in lower production, the weakness of the financial sector and further sovereign debt risks. On the other, economic growth in the United States might ease by two percentage points in the current year, if certain fiscal stimulus measures implemented in prior years are not extended to 2012 as well.

Internationally, economic activity recovered during the second half of 2011 in the United States, Japan and the United Kingdom, while the emerging countries experienced a moderate slowdown.

European GDP was essentially stagnant, with a decline of 0.2% reported in December 2011, leading to growing uncertainty, action to contain public sector deficits and a slowdown in exports. By contrast, inflationary pressures have eased.

The euro has depreciated against the dollar, sterling and the yen (by respectively 6.2%, 4.9% and 6.0%). Forecasts for 2012 suggest a rate of 1.2 euro to the dollar if there is a major crisis in the euro area, but about 1.3 otherwise.

Turning to the macroeconomic situation in Italy, the principal challenges include: the slowdown in world trade and the deepening of the sovereign debt crisis, which has increased borrowing costs. Disposable incomes have also been hit by the corrective measures taken in relation to public sector finances, which however have avoided more serious consequences for the real economy.

Italian GDP rose by 0.5% in 2011, but will contract by 1.6% in 2012 before returning to growth in 2013 (+0.6%). Output is affected by slack domestic demand, which reflects the weakness of both household

disposable income (+1.0% in 2010; +0.6% in 2011 and -1.0% in 2012) and investment (+2.4% in 2010; +1.1% in 2011 and -4.8% in 2012). By contrast, export sales continue to sustain growth despite the slowdown in world trade (+12.2% in 2010, +4.2% in 2011 and +0.2% in 2012).

The tensions in financial markets, the slackness of demand, the difficulty of obtaining bank finance and the considerable pressures on liquidity all combined to weaken industrial activity in 2011: business confidence in the macroeconomic situation and near-term prospects has deteriorated. The operating profitability of firms was unchanged, but the level of self-financing declined.

The President of Confindustria noted that the pace of recovery from the crisis faltered during 2011, due to the worsening macroeconomic situation. The biggest challenges remain associated with domestic demand. Business growth continues to slow and development of the nation's infrastructure has ceased. The obsolescence of highly strategic networks means that a change of direction is necessary in order to sustain Italy's ability to compete.

With particular reference to the fashion sector and so-called "*luxury goods*", estimates made by Bain & Company, presented at the Altagamma conference, indicate that the luxury market turned its back on the recession in 2010: 13% growth saw turnovers exceed the pre-crisis levels achieved in 2007. This performance surpassed expectations, considering the general situation described above and such external factors as the tsunami in Japan and the financial turbulence experienced in the summer. Bain's research shows growth in all markets, but especially in Asia and particularly in China, where the luxury goods sector is thought to have expanded by 35% in 2011. The markets in Turkey and Brazil also performed very well. Growth in Europe was facilitated by the weakness of the euro, which stimulated tourism. Looking at the various distribution channels, retail expansion has been the real driver over the past two years, but on-line shopping is experiencing the fastest rate of growth, although its impact is still marginal (2.6% of total sales). The outlook for the fashion industry remains positive, despite the above comments and the slowdown seen towards the end of 2011. This optimism reflects the fact that firms are properly prepared to tackle the crisis and, compared with 2008/2009, are more confident of their strength in international markets.

Against this background, the Company has reported net income of Euro 1,716,887, while the net loss of the Group was Euro 4,279,554.

At the shareholders' meeting, the Board of Directors will propose the following resolution for adoption by the shareholders:

"The ordinary meeting of the shareholders of Aeffe S.p.A., held with a voting quorum today, 19th April 2012, after receiving the report of the Board of Directors, after taking note of the Directors' report on operations, the report of the Board of Statutory Auditors and the report of the auditing firm, Mazars S.p.A., after examining the financial statements of the Company and the consolidated financial statements of the Group as of 31st December 2011, and after examining the additional accompanying documentation required by law,

resolves

- 1) to approve the financial statements as of 31st December 2011, both as a whole and in detail, together with the accompanying Directors' report on operations;
- 2) to approve the proposal made by the Board of Directors to allocate net income for the year of Euro 1,716,887 as follows:
 - Euro 85,844.35, representing 5% of net income, to the legal reserve;
 - Euro 1,631,042.65, being the remainder, to the extraordinary reserve.
- 3) to take note of the results reported in the consolidated financial statements as of 31st December 2011".

For further information about the first item on the agenda, specific reference is made to the draft financial statements as of 31st December 2011 and the related report on operations, which are available from the registered offices of the Company and from its website www.aeffe.com.

Item no. 2

Resolution on the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree No. 58/98.

Stockholders,

At the ordinary shareholders' meeting called for 19th April 2012 to approve the financial statements as of 31st December 2011, you will be asked to express a consultative vote on the Company's compensation policy pursuant to para. 6 of art. 123-ter of Decree 58/98.

The Compensation Policy is designed to attract, retain and motivate experienced professional resources, with the skills and professionalism required for the optimal management and pursuit of the objectives of the Company and the Aeffe Group. The Policy seeks to achieve sustainable growth in the value of the Company and the Aeffe Group, via the definition and implementation of mechanisms that link this outcome with individual performance.

In order to achieve these objectives, the Compensation Policy is founded on the fundamental principles of sustainability and alignment of the interests of executives with strategic responsibilities with those of the shareholders.

The Company ensures that the variable element of the remuneration of its directors and executives with strategic responsibilities is determined with reference to sustainable performance objectives that are consistent with the risk profile established by the Board of Directors.

The incidence of fixed remuneration to total income is set to ensure the adequacy of such payments, even in the partial or complete absence of a variable element. This approach avoids promoting risk-oriented behavior and the taking of short-term views, which could adversely affect the sustainable creation of long-term value.

Variable remuneration is directly correlated with the short-term performance and results of the individual concerned or with those of the Company and the Aeffe Group, or indeed with a combination of these criteria.

The Company's system of variable remuneration is based on the concept of Management by Objectives (MBO); accordingly, executives with strategic responsibilities are motivated via the recognition of variable remuneration tied to their achievement of specific performance objectives. These predetermined and measurable objectives are identified together with the managers of each business area and the human resources function, employing the same parameters used by senior management when monitoring the performance of the business concerned, or economic indicators (e.g. EBITDA or revenues) for that business or for the Group as a whole.

The remuneration of directors with specific responsibilities is structured to reflect the objectives, criteria and principles underlying the Compensation Policy. Considering the special role of these directors and the strategic nature of the work actually performed in order to create value, their fixed remuneration is supplemented by a variable element (in particular, this element may be based on an MBO system and/or on approved long-term incentive plans, as indicated earlier in this Compensation Policy). When applying the above criteria, the Board of Directors adopts the principle of substance over form, in order to ensure the most efficient achievement of the objective to align the interests of management with those of the shareholders. Where directors with specific responsibilities and/or a strategic role also hold a significant equity interest in the Company, the Board of Directors may consider the motivation and loyalty requirements to be appropriately satisfied even without applying one or more of the loyalty and incentive tools deemed applicable to other managers.

The remuneration of non-executive directors is usually determined on a collective basis at the shareholders' meeting that appoints the Board of Directors. Subsequently, in the context of the total remuneration decided at the shareholders' meeting pursuant to para. 1 of art. 2389 c.c., the Board of Directors acting on a proposal from the compensation committee determines how to allocate such total amount to each non-executive director, having regard for their committee memberships.

The remuneration of non-executive directors is not usually linked to the economic results of Aeffe.

For further information about the Company's Remuneration Policy and about the remuneration of directors and executives with strategic responsibilities, reference is made to the Compensation Report prepared pursuant to art. 123-ter, TUF, which in accordance with art. 84-quater of the Issuers' Regulations is available at the registered offices of the Company and on the following website www.aeffe.com.

At the shareholders' meeting, the Board of Directors will propose the following resolution to the shareholders:

“The ordinary meeting of the shareholders of Aeffe S.p.A., held with a voting quorum today, 19th April 2012, after receiving the report of the Board of Directors and after taking note of the compensation policy contained in the first section of the Compensation Report pursuant to para. 6 of

art. 123-ter of Decree No. 58/98,

resolves

1) to approve the Company's compensation policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree No. 58/98.

San Giovanni in Marignano, 8th March 2012

for the Board of Directors

The Chairman

Massimo Ferretti