



AEFFE S.p.A.

Registered Offices in San Giovanni in Marignano - RN

Via delle Querce 51

Share Capital € 26,840,626.00

Rimini Companies Register and Tax Code No. 01928480407

SHAREHOLDERS' MEETING

13TH APRIL 2016

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' Regulation”).

Courtesy translation. In case of incongruity with the Italian version, the latter will prevail.

Item nos. 1 and 2

1. Approval of the financial statements of Aeffe S.p.A. as of 31st December 2015 and the report of the Board of Directors on operations; reception of the reports of the Independent Auditors and the Board of Statutory Auditors. Presentation to the Shareholders' Meeting of the consolidated financial statements as of 31st December 2015.
2. Resolutions regarding the results for the year ended 31st December 2015.

Shareholders,

With reference to the first two items on the agenda, you are invited to approve at the Shareholders' Meeting the financial statements of the Company as of 31st December 2015. You are also invited to take note of the results reported in the consolidated financial statements as of 31st December 2015.

In this regard, the draft financial statements as of 31st December 2015 and the related report on operations will be made available, by the legal deadline, at the registered offices of the Company and on its website at the address www.aeffe.com.

Item no. 3

3 Compensation Report pursuant to art. 123-ter, para. 6, of Decree 58/98; resolutions regarding the first section of the Compensation Report.

Shareholders,

You are reminded that the previous Shareholders' Meetings gave a consultative vote on the Company's remuneration policy pursuant to para. 6 of art. 123-ter of Decree 58/98. In this regard, the last Shareholders' Meeting resolved as follows:

"The Ordinary Meeting of the Shareholders of Aeffe S.p.A., held with a voting quorum today, 16th April 2015, after receiving the report of the Board of Directors and taking note of the remuneration policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree 58/98,

resolves

to approve the Company's remuneration policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree 58/98."

The Remuneration Policy adopted, as presented to the Shareholders' Meeting held on 18th April 2013, has not changed since its effects are required to extend over the years 2013, 2014, 2015 and 2016.

Without prejudice to the other parts of the Remuneration Policy already adopted, at the Shareholders' Meeting held on 18th April 2013 it was clarified that the Long-Term Incentive (LTI) designed to (a) keep the remuneration structure competitive overall in order to attract and retain the loyalty of experienced persons within the Company and the Aeffe Group; (b) guide the efforts of the directors and managers towards the achievement of long-term ratios and goals of strategic interest; (c) align the

interests of directors and managers with those of the shareholders, may comprise a system of variable remuneration linked to objectives to be attained over the medium-long term (medium/long-term MBO), as well as remuneration plans based on financial instruments and plans for investment in the capital of the Company.

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' Regulation will be made available, by the legal deadline, 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, 13th April 2016, after receiving the report of the Board of Directors and taking note of the remuneration policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree 58/98,

resolves

1) to take note of the Company's remuneration policy contained in the first section of the Compensation Report pursuant to para. 6 of art. 123-ter of Decree 58/98."

Item no. 4

4 Conferment, pursuant to Legislative Decree no . 39/2010, of the appointment for the complete auditing of the annual financial and consolidated reports of Aeffe S.p.A. concerning the years from 2016 to 2024, of the limited auditing of the half year consolidated financial report from 2016 to 2024, and for the verification of the correct company's general accounting as well as the correct evaluation of the management activities in the accounting books for the years from 2016 to 2024. Decision on the fee due to the accounting company.

Shareholders,

with the approval of the financial statements at 31st December 2015, terminates the appointment bestowed to the auditing company BDO Italia S.p.A. (former *Mazars S.p.A.*) with the Ordinary Meeting of the Shareholders on 26th March 2007.

The Meeting of the Shareholders will therefore have to confer the appointment for the complete auditing of the annual financial and consolidated reports of Aeffe S.p.A. concerning the fiscal years with closure from 31st December 2016 to 31st December 2024, of the limited auditing of the half year consolidated financial report from 30th June 2016 to 30th June 2024, and for the verification of the correct company's general accounting as well as the correct evaluation of the management activities in the accounting books.

The appointment will be conferred, pursuant the dispositions of the Consolidated Finance Law, on the basis of the motivated proposal of the Board of Auditors, enclosed to the present Report.

The Meeting of the Shareholders will also approve the compensation of the appointed auditing company.

San Giovanni in Marignano, 13th March 2016

for the Board of Directors

The Chairman

Massimo Ferretti (signed)

EXHIBIT 1

Courtesy translation. In case of incongruity with the Italian version, the latter will prevail.

**REASONED PROPOSAL FROM THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING
ABOUT THE APPOINTMENT TO PERFORM THE LEGAL AUDIT
OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
AND THE CONSOLIDATED FIRST-HALF REPORTS
FOR THE YEARS 2016-2024**

Shareholders,

The appointment to perform the legal audit of the accounts granted to B.D.O. Italia S.p.A. (formerly *Mazars S.p.A.*) at the Shareholders' Meeting of AEFEE S.p.A. (the “**Company**”) held on 26th March 2007, with a maximum total duration of nine years, will expire on approval of the financial statements as of 31st December 2015. The Board of Statutory Auditors of AEFEE S.p.A. has therefore prepared this reasoned proposal to the Shareholders' Meeting about the appointment of the legal auditor of the Company's accounts for the years 2016-2024.

Given that:

- the Company is a listed issuer and therefore considered of public interest pursuant to art. 16 of Decree no. 39 dated 27th January 2010 (the “**Decree**”);
- art. 17 of the Decree establishes that the appointment of auditing firms to perform the legal audit of the accounts has a duration of nine years and cannot be renewed or granted again, unless at least three years have elapsed since the expiry of the previous appointment;
- the appointment granted to BDO Italia S.p.A. will complete its ninth year, being the maximum period allowed by law, upon issue of the auditors' report on the financial statements as of 31st December 2015; accordingly, it is necessary to appoint a new legal auditor;
- art. 13 of the Decree states that *“Without prejudice to the provisions of art. 2328, para. 2, point 11) of the Italian Civil Code, the Shareholders' Meeting, having received a reasoned proposal from the Board of Statutory Auditors, appoints the legal auditor of the accounts and determines the remuneration due to the legal auditor or auditing firm for the entire period of the appointment, as well as the criteria for any adjustment of that remuneration during the appointment period”*.

Acknowledging that:

- arts. 10 and 17 of the Decree refer to the principles of independence and objectivity applicable to the auditing firm and, in particular, art. 10 establishes that the remuneration of the appointment may not be conditional in any way and must be determined in a

manner that guarantees the quality and reliability of the work;

- art. 11 of the Decree requires the audit to be performed in compliance with the auditing standards adopted by the European Commission, pursuant to art. 26, paras. 1 and 2, of Directive 2006/43/EC;
- art. 145 bis of Consob's Issuers' Regulation establishes that the payment and the amount of the fee *“may not be established, in any way, with reference to the results of the audit or linked to any services provided by the auditing firm, or another member of the same network,”* to the company that makes the appointment or to the same group;
- Consob Communication no. 3556 dated 18th April 1996 states, among other matters, that (i) *“the resources employed to perform the audit and certification work must be appropriate, in qualitative and quantitative terms, for the achievement of the established objective”*, (ii) the audit team must be adequately supervised and directed, with an optimal mix of resources by professional category, (iii) *“the person responsible for performing the audit and certification work must have specific technical experience in the business sector of the company making the appointment”*;
- art. 165 of Decree no. 58/1998 (still in force while waiting for Consob to issue regulations pursuant to art. 43, para. 2 of the Decree) also applies the same provisions to the subsidiaries of listed issuers and considers the auditing firm of the listed parent company to be fully responsible for the audit of the group's consolidated financial statements.

The Board of Statutory Auditors of AEF FE S.p.A. has held discussions with Company management and has carried out the activities deemed necessary in order to prepare this reasoned proposal.

In particular, having regard for the requirements to be met by the auditing firms participating in the selection process (*inclusion on the Register of legal auditors, volume of business, number of appointments by other listed companies, adequate international presence and sector-specific experience*) and the organizational complexity of the Group, the Board of Statutory Auditors notes that the following legal auditing firms were requested to make proposals:

- ✓ Deloitte & Touche S.p.A.;
- ✓ PricewaterhouseCoopers S.p.A.;
- ✓ Reconta Ernst & Young S.p.A.;
- ✓ RIA Grant Thornton S.p.A.;

Their proposals included:

1. a technical proposal describing the auditing methodology adopted, the auditing standards used, the mix of hours and number of persons employed by professional category, the curricula vitae of the audit team and other personnel involved in the audit, and references;
2. an economic proposal, containing cost details analyzed by activity and by company, the hourly rates applied and other cost summaries; in order to ensure consistency of presentation, separate proposals were requested for each of the following activities: (i) legal audits of the accounts and strictly related work (ii) other audit work required of the auditing firm by other regulations and (iii) other voluntary audit work.

The Board of Statutory Auditors examined the proposals received and compared their respective characteristics.

In particular, the Board of Statutory Auditors analyzed the audit approaches proposed by the auditing firms and, in addition to their economic elements (*fees, adjustments and related expenses*), also examined the following aspects of the technical documentation attached to the proposals:

- quality of the proposals and their alignment with the needs of the Company;
- professional references of the partner and the audit team that the firm planned to use in order to perform the work, other audit appointments granted by listed or large companies operating in the same sector as AEFPE (“**Sector**”);
- membership of a professional network to ensure application of the same audit methodology in every country;

- existence of and access to centers of excellence within the network regarding special matters and topics of relevance to the Sector (so-called “specialists”);
- plan for the audit of the financial statements of AEF FE S.p.A. and its subsidiaries;
- methodology, operational tools and support used;
- focus placed on analysis of the system of internal controls;
- existence of suitable tools to monitor compliance with the independence requirements and procedures designed to prevent any conflicts of interest;
- total hours budgeted to perform the legal audit and their allocation among the various professional categories (mix).

Based on the above examination and having regard for:

- the safeguarding objectives;
- the independence requirements and the absence of any incompatibilities;
- the organizational adequacy and technical and qualitative suitability of the auditing firm, considering the breadth and complexity of the work to be performed;
- the reasonableness of the remuneration requested in relation to the number of hours to be worked and the complexity of the appointment,
- the qualitative mix and the economic aspects presented by the various firms contacted, both in relation to the Parent Company and with regard to its subsidiaries and affiliates,

the Board of Statutory Auditors of AEF FE S.p.A.

proposes

that the Shareholders' Meeting should appoint RIA Grant Thornton S.p.A. to perform the legal audit of the accounts of AEF FE S.p.A. for the nine-year period 2016-2024, pursuant to the Decree, in accordance with the proposal received on 24th February 2016 and held on file

by the Company.

In particular, in compliance with the provisions of arts. 14, 16 and 17, para. 1, of Decree no. 39 dated 27th January 2010 and CONSOB Communication no. 3556 dated 18th April 1996, this appointment envisages that the following activities will be performed in each year of the nine-year period 2016 - 2024:

- the legal audit for each of the nine years ending from 31st December 2016 to 31st December 2024 of the separate and consolidated financial statements of AEF FE S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company"), pursuant to art. 14, para. 1, letter a), of the Decree;
- verification during each year that the accounting records are properly kept and that the accounting entries properly record the results of operations, pursuant to art. 14, para. 1, letter b), of the Decree;
- verification of the consistency of the report on operations required by art. 14, para. 2, letter e), of the Decree and the information required by para. 1, letters c), d), f), l) and m), and para. 2, letter b), of art. 123-bis of Decree no. 58 dated 24th February 1998 (TUIF - Consolidated Finance Law) with the separate and consolidated financial statements.

The appointment also includes:

- the limited examination of the condensed half-year consolidated financial statements of AEF FE S.p.A. for each of the nine interim periods ending from 30th June 2016 to 30th June 2024;
- the work required in order to sign the Company's tax declarations (UNICO, IRAP and Simplified/Ordinary 770 forms) for the tax years from 2016 to 2024;
- the verification work required in order to sign the Company's tax declarations (UNICO, IRAP and Simplified/Ordinary 770 forms) for the purpose of offsetting the related tax credits.

The audit of the separate and consolidated financial statements, as well as the consolidated half-year financial statements, of AEF FE S.p.A. will also involve the audit of subsidiaries

and associates with the scopes indicated further below, and of any documents and information provided by subsidiaries to the Parent Company for consolidation purposes.

The work of the auditing firm will also include:

- planning the audit work to be performed by the correspondent offices of RIA Grant Thornton S.p.A. situated abroad and by other auditing firms, where necessary;
- examination of the consolidation schedules of each company included within the scope of consolidation;
- examination of the auditors' reports received from other auditing firms, if used;
- verification of the correct and complete nature of the scope of consolidation;
- verification of the consistency of the accounting policies adopted by the companies included within the scope of consolidation;
- verification of the proper elimination of intercompany balances, transactions and profits;
- verification of the elimination of the carrying amounts of equity investments against the related equity interests held;
- verification that the consolidated financial statements, the explanatory notes and the report on operations are properly presented in accordance with the law.

For the above legal audit activities, RIA Grant Thornton S.p.A. has presented a proposal for the period 2016-2024 with an annual total of Euro 142,000, as analyzed below:

<i>Aeffe S.p.A. - Parent Company</i>	<i>Hours</i>	<i>Fees €</i>
Legal audit of the separate financial statements, verification that the accounting records are properly kept and that the results of operations are properly recorded, verification of the consistency of the report on operations with the separate financial statements and signature of the UNICO, IRAP and 770 tax forms	690	41.000

Audit of the consolidated financial statements, including coordination of the audit work on the consolidated financial statements and verification of the consolidation procedures	110	7.000
Limited examination of the condensed half-year consolidated financial statements of Aeffe S.p.A.	295	12.000
Verification work required in order to sign the tax declarations (VAT, UNICO, IRAP and Simplified/Ordinary 770 forms) for the purpose of offsetting the related tax credits - as in specific appointment letter	68	4.000
Total Aeffe S.p.A.	1.163	64.000

Italian subsidiaries

Moschino S.p.A.	Hours	Fees €
Legal audit of the separate and consolidated financial statements pursuant to Decree no. 39/2010 - as in separate appointment letter	258	14.000
Audit of the half-year financial statements prepared for the purposes of the half-year consolidation and of the consolidated half-year financial statements of Moschino S.p.A.	132	5.000
Total Moschino S.p.A.	390	19.000
Pollini S.p.A.	Hours	Fees €
Legal audit of the financial statements pursuant to Decree no. 39/2010 - as in separate appointment letter	258	14.000
Audit of the half-year financial statements prepared for the purposes of the half-year consolidation	132	5.000
Total Pollini S.p.A.	390	19.000
Pollini Retail S.p.A.	Hours	Fees €
Legal audit of the financial statements pursuant to Decree no. 39/2010 - as in separate appointment letter	112	6.000
Audit of the half-year financial statements prepared for the purposes of the half-year consolidation	72	2.000
Total Pollini Retail S.p.A.	184	8.000
Velmar S.p.A.	Hours	Fees €
Legal audit of the financial statements pursuant to Decree no. 39/2010 - as in separate appointment letter	162	8.000
Audit of the half-year financial statements prepared for the purposes of the half-year consolidation	76	3.000
Verification work required in order to sign the tax declarations (VAT, UNICO, IRAP and Simplified/Ordinary 770 forms) for the purpose of offsetting the related tax credits - as in specific appointment letter	35	2.000
Total Velmar S.p.A.	273	13.000
Aeffe Retail S.p.A.	Hours	Fees €

Legal audit of the financial statements pursuant to Decree no. 39/2010 - as in separate appointment letter	112	6.000
Audit of the half-year financial statements prepared for the purposes of the half-year consolidation	72	2.000
Total Aeffe Retail S.p.A.	184	8.000
Total Italian subsidiaries	1.421	67.000

Foreign subsidiaries

Aeffe USA Inc.	Hours	Fees €
Reporting package and half-year reporting package	216	11.000
Total Aeffe USA Inc.	216	11.000
Total Aeffe Group	2.800	142.000

The above fees will be adjusted annually to take account of the percentage change in the ISTAT index of consumer prices for the families of factory and clerical workers. This adjustment will be made on 1st July each year, commencing from 1st July in the second year of the appointment (2017 financial year).

The proposal examined does not include any additional activities that the auditing firm may be requested to carry out, as a result of changes in the regulatory framework or the applicable accounting rules (e.g. new IFRSs or interpretations), or consequent to special transactions involving the Company and/or members of the Group (e.g. capital increases, mergers and spin-offs, the withdrawal of shareholders, the distribution of advance dividends etc.), or in relation to additional requirements envisaged by specific regulations or to other opinions, reports and attestations that the auditing firm may be requested to issue. These activities would be supplemental to the appointment granted.

In addition to the above fees, it will be necessary to reimburse the expenses incurred in the performance of the work, such as for travel and work away from the home office, as well as for technology-related expenses (databases, software etc.) and secretarial and communications services calculated at a total maximum flat rate (covering all types of expense) of 10% of the audit fee, as well as the supervisory contribution due to Consob pursuant to art. 40 of Law no. 724 dated 23rd December 1994 and subsequent amendments and additions.

The audit partner will be Sandro GHERARDINI, who is a senior partner at RIA Grant

Thornton S.p.A.

You are therefore invited to approve, on the basis and terms indicated above, the proposal to appoint RIA Grant Thornton S.p.A. as the legal auditor of the accounts of AEFEE S.p.A. for the years 2016-2024, at a total annual fee of Euro 142,000.00, together with the related criteria for the adjustment of the fee described above.

San Giovanni in Marignano, 7 March 2016

For the Board of Statutory Auditors

Pierfrancesco SPORTOLETTI

(signed)

Chairman