2017
Annual Financial Report

Contents

LETTER TO SHAREHOLDERS

Dear Shareholders,

During 2017, INWIT achieved better operating results than expected at the beginning of the year, continuing the evolutionary path based on growth, diversification and efficiency.

The most correct figure to outline the results achieved along this path is certainly EBITDA(1) which reached the value of 192.0 million euros - an increase of 17.3% compared to the previous year - thanks to the substantial increase in revenues obtained by other operators, together with a marked reduction in rental costs.

In addition to the aforementioned increase in EBITDA, the main operating indicators also show a marked improvement, confirming the effectiveness of the actions put in place and certifying the entity of the results achieved.
The trend of the tenancy ratio - originally equal to 1.55x and today up to 1.82x average customers per site - perfectly describes the Company's growth path. This result, in terms of average customers per site, has been achieved through continuous and effective commercial operations that have led both traditional and new operators to choose our infrastructures for their radio projects.

On the efficiency improvement side, progress is demonstrated by the reduction in the average rental cost per site, which has reached 12.3 thousand euros, with a significant decrease compared to the value reached in 2016 of 12.7 thousand euros. This is a remarkable result deriving from an extensive renegotiation and transformation of existing contracts.

(1) Details are provided under “Alternative Performance Measures”

In 2017 – thanks to the competence and ability of INWIT people - several growth and diversification opportunities were first identified and then seized, building new sites to meet the needs of its customers and launching a important plan for the construction of micro-coverage in places of greatest intensity of customers and traffic.

Looking to the future, we are convinced that INWIT can continue to develop and create value for all stakeholders, by continuing to take advantage of its distinguishing features: the quality and strategic nature of its assets, customer relations, innovative capacity, and the disciplined execution of projects.

The quality of assets continues to represent an important competitive edge of INWIT in terms of both the strategic position of the sites and the robust, reliable nature of the infrastructures. We are constantly engaged in maintaining, strengthening and enhancing the value of these substantial assets over the course of time.

The solid and stable relations with TIM and with other operators are key factors in our business model: indeed, the quality and value of our services mean we are able to promptly respond to the needs of our customers, who confirm their trust in us with long-term contracts, a guarantee of stability and visibility of future revenue streams.

As always, we are committed to exploring and seizing all the best opportunities that a constantly evolving market, such as the one in which we operate, offers. Indeed, we are ready to meet the demand for both traditional as well as innovative solutions, such as the coverage of micro-cells and high-speed backhauling solutions. INWIT wishes to continue being distinguished for its technological excellence and innovative capacity.

Finally, INWIT wishes to be a company that keeps its promises to customers and to all stakeholders, and for this reason we are going to continue improving our processes, modernizing our operating instruments, pursuing customer satisfaction and focusing our efforts on results.

While up until now INWIT has played a major role as a platform for the sharing of passive infrastructures by mobile phone operators, we are working to become the industry benchmark in the future.

Thanks once again to all our stakeholders

The Chairman
Prof. Francesco Profumo

The Chief Executive Officer
Engineer Oscar Cicchetti

Management Report

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	600,000,000 euro
Registered office	Via G. Vasari 19 Milan
Tax Code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

A company subject to the management and coordination of TIM S.p.A. pursuant to articles 2497 and subsequent of the Italian Civil Code.

BOARD OF DIRECTORS

Chairman	Francesco Profumo
Chief Executive Officer	Oscar Cicchetti
Directors	Paola Bruno (independent director) Primo Ceppellini (independent director) Cristina Finocchi Mahne (independent director) Alessandro Foti (independent director) Giuseppe Gentili (independent) Luca Aurelio Guarna (independent) Venanzio Iacozzilli Agostino Nuzzolo Saverio Orlando Filomena Passeggio (independent) Piergiorgio Peluso Giuseppe Recchi Paola Schwizer (independent director)
Secretary to the Board	Rocco Ramondino

BOARD OF STATUTORY AUDITORS

Chairman	Enrico Maria Bignami
Acting Auditors	Umberto La Commara Michela Zeme
Alternate Auditors	Guido Paolucci Elisa Menicucci

INWIT ACTIVITIES

Infrastrutture Wireless Italiane S.p.A. (hereinafter"**INWIT**" for short, or the "**Company**") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

INWIT operates in the sector as a result of the transfer from TIM in March 2015 (effective April 1, 2015) of a business unit focused mainly on activities related to the construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons, and poles) and technological systems, necessary to host the transceiver equipment owned by mobile operators and other radio service operators.

The infrastructural operators working in this industry are also called *Tower Companies* or *Tower Operators*. In this context, INWIT stands out for being the largest Italian Tower Operator both in terms of number of sites managed and total sales.

INWIT manages approximately 11,000 sites, with widespread distribution throughout Italy, as a result of over 40 years of work developing the radio-mobile networks by TIM, when it still acted as a monopoly. The technical and operational know-how of the Company is therefore assured by the use of staff with strong specific experience, gained over many years working within TIM.

Key factors of *INWIT competitive* positioning

As well as the widespread distribution and quality of the infrastructure, the key factors of INWIT's competitive positioning mainly concern:

- established relationships with the main radio-mobile operators that recognize the importance of the services offered by INWIT within their own value chain;
- visibility of revenues and significant generation of cash flow, guaranteed by long-term contracts that are renewable upon expiration, historically characterized by a high renewal rate, also considering the high quality of the sites made available;
- contracts safeguarded against inflation;
- technical and managerial know-how, ensured by the use of personnel with consolidated experience gained over years within TIM.

Integrated hosting services

At December 31, 2017, the Company's total revenue derived from its integrated hosting services, consisting in providing (*Tower Rental*) customers with:

- physical spaces on its vertical structures, which can host the radiating systems receiving and transmitting radio signals;
- indoor physical spaces suitable for the installation of customer equipment and the connection of their radiating systems;
- access to the electricity networks and technological systems consisting of power supply systems (including energy backup systems) and air conditioning and/or ventilation systems that ensure the correct operation of customer equipment.

Integrated hosting services also include the provision of maintenance, monitoring and security management services of the premises and the technological systems.

With regard to infrastructure sites, [2] which account for approximately 20% of the all sites, INWIT owns the civil structures only, not the technological systems[3]. The latter, as a matter of fact, were not contributed and are still owned by TIM, as they are shared across fixed and mobile networks. Accordingly, the hosting services offered by INWIT at these sites consist only in providing physical space on the vertical support structures.

TIM is the main customer of INWIT; during the period referred to in this Management Report, it generated revenues amounting to 268,362 thousand euros - or about 75.3% of the total revenues at December 31, 2017 (254,892 thousand euros at December 31, 2016, or 76.4% of total revenues). The Company's other main customers are the leading national mobile network operators (MNOs) (Vodafone, Wind, and H3G) with which the Group has entered into long-term contracts to provide hosting services, and other radio service operators.

The customers' high profile, their concentration, the multi-year medium-long term duration of the commercial agreements signed with them, and the large volume of the services offered by the Company within the MNO's value chain, are the key aspects of the Company's business.

Sustainability

INWIT believes that business activities, to be sustainable and lasting over time, should also include support for the well-being of the communities in which its operates and protection of natural resources.
INWIT's aim is to achieve a balance between the three basic aspects of sustainability:

environmental: meaning the capacity to preserve the quality and the reproducible character of natural resources; this attention is expressed in actions aimed at containing energy consumption for industrial and civil use, atmospheric emissions, water and paper consumption and waste production. Moreover. INWIT's attention to the issue of electromagnetic emissions consists of:

- the careful management of plants during their lifetime, in accordance with the laws in force and with company efficiency and safety standards;
- the use and constant search for the latest technological instruments for controlling and checking emissions.

The systematic monitoring of the electromagnetic emissions of plants, aims to guarantee compliance with legal limits and the maintenance of high standards of safety for the population and for employees. On the basis of the controls carried out in Italy, the electromagnetic emissions produced are comfortably below the legal limits.

economic: meaning the capacity to generate income and work to sustain the population;

social: meaning the capacity to guarantee conditions of human well-being (safety, health, education, democracy, participation and justice) distributed fairly among different classes and genders The Code of Ethics, adopted by all TIM Group Companies and based on the UN's Global Compact, endorses numerous principles concerning Human Resources, such as health and safety protection, respect for rights, the promotion of equal opportunities and professional development.INWIT acknowledges the key role played by human resources, respects employees' rights, and safeguards their health and safety in the workplace. Management of labor relations in INWIT aims to favor equal opportunities and the professional development of each employee.

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(2) The infrastructural sites are positioned in properties owned or leased by TIM, in/on which TIM's fixed telephone devices are located.

(3) That is, all equipment owned by the Company consisting of: (i) power system including panels and integrated power substation, complete with backup batteries; (ii) earthing system; (iii) lightning protection system; (iv) air conditioning and/or ventilation system; (v) flight obstacle signaling system, built and/or installed at the sites.

For further details on the TIM Group's sustainability indexes, please refer to the "Consolidated non-financial statement/ 2017 Sustainability Report", which meets the requirements of Legislative Decree 254/2016 and was approved by the Board of Directors of the Group on March 6, 2017. The report is available at www.telecomitalia.com/Sustainability.

HIGHLIGHTS AT DECEMBER 31, 2017

During the financial year 2017 INWIT confirmed the gradual increase in sales to the main mobile radio operators and of profitability of its infrastructures, thus further increasing the co-tenancy ratio and continuing the process of containing leasing costs.

Capital expenditures for the financial year 2017 are inclusive of the purchase of land lease rights and the construction of new infrastructure.

In greater detail, the following items are highlighted for the financial year 2017:

- Turnover amounted to 356,596 thousand euros, up 6.9% on 2016 (333,508 thousand euros);

- Revenues for the fourth quarter of 2017 amounted to 94,783 thousand euros, an increase of 11.9% compared to the fourth quarter of 2016 and confirm the continuous improvement trend (+5.8 in the first quarter, +5.4 in the second quarter, +5.2 in the third quarter);

- EBITDA amounted to 191,978 thousand euros, an increase of 17.3% compared to 2016. 2017 EBITDA was influenced by the negative impact of non-recurring charges for a total of 1,186 thousand euros;

- EBITDA for the fourth quarter 2017 amounted to 53,156 thousand euros, an increase of 26.0% compared to 2016.

- EBIT amounted to 179,215 thousand euros, an increase of 21.7% compared to 2016;

- EBIT for the fourth quarter amounted to 49,674 thousand euros, an increase of 37.7% compared to the forth quarter 2016.

- Profit for the period amounted to 126,740 thousand euros, up 29.4% on 2016 (97,925 thousand euros);

- Industrial investments for the period amounted to 55,375 thousand euros (+20,104 thousand euros compared to 2016);

- INWIT's Net Financial Debt was 45,431 thousand euros, up by 11,339 thousand euros compared to December 31, 2016.

In 2017, INWIT recognized non-recurring net operating costs related to events and transactions not connected with normal operations and of a significant amount. These consist of charges for incentivated redundancies of 1,186 thousand euros

Financial Highlights

(thousands of euro)	2017	2016	Change in absolute values	%
Revenues	356,596	333,508	23,088	6.9
EBITDA [1]	191,978	163,618	28,360	17.3
EBITDA Margin	***53,8%***	***49,1%***	*4.7pp*	*4.7pp*
EBIT[1]	179,215	147,262	31,953	217
EBIT Margin	***50,3%***	***44,2%***	*6.1pp*	*6.1pp*
Profit for the period	126.740	97,925	28,815	29.4

Operating Free Cash Flow	***145,832***	***132,240***	13,592	10.3
Industrial Investments (CAPEX) [2]	***55,375***	***35,271***	20,104	57.0

(thousands of euros)	4th Quarter 2017	4th Quarter 2016	Change in absolute values	%
Revenues	94,783	84,686	10,097	11.9
EBITDA[1]	53,156	42,198	10,958	26.0
EBITDA Margin	***56.1%***	***49.8%***	*6.3pp*	*6.3pp*
EBIT[1]	49,674	36,080	13,594	37.7
EBIT Margin	***52.4%***	***42.6%***	*9.8pp*	*9.8pp*
Profit for the period	34,309	24,174	10,735	44.4

Operating Free Cash Flow	***44,934***	***41,889***	3,045	7.3
Industrial Investments (CAPEX) [2]	***25,744***	***13,742***	12,002	87.3

	12.31.2017	***12.31.2016***	***Change in absolute values***
ESMA net financial debt	**45,632**	**34,308**	(11,324)
INWIT net financial debt	**45,431**	**34,092**	(11,339)

(1) Details are provided under “Alternative Performance Measures”.

(2) (*) Net of consideration received for transfer of fixed assets.

BUSINESS ENVIRONMENT

The infrastructure market for radio networks and those for mobile radio networks in particular, is affected by a deep transformation, characterized by:

- growth in mobile broadband connections and volumes of data traffic, due to the increasingly widespread use of images and video in communications and in personal and professional applications;

- expansion of 4G coverage which represents a fundamental technological discontinuity. Indeed, 4G is the first mobile radio network architecture specifically conceived and designed for data traffic;

- acquisition of new frequencies by operators requiring the development of new radio accesses;

- evolution of mobile radio network architectures which, in order to deliver high speeds and low latencies require a high number of micro-cells that interoperate with macro-cell coverages;

- strategies to reallocate invested capital by operators who tend to outsource and share infrastructure assets and activities when they need to invest to acquire frequencies and develop the networks to cope with competitive changes.

In this scenario, and in order to seize the business opportunities arising from the market environment, INWIT:

- has become more efficient by pursuing its plan to decommission Sites, its plan to renegotiate leases and its land acquisition plan;

- has increased the value of its infrastructural assets, gradually raising the co-tenancy tenancy to 1.82x, up by 0.1x compared to December 2016 (4);

- has met the demand for new sites by launching the construction of approximately 300 new sites at the date of transfer of the business unit;

- has launched a multi-operator microcell cover plan in areas with the highest user and traffic concentration, implementing over 1,000 remote units.

(4) "Organic" Co-Tenancy ratio calculated as the ratio between the number of tenants as at 31.12.2017 and the number of sites not subject to decommissioning on the same date.

The impact of these strategies in the period ended December 31, 2017 is detailed below.

Rationalization of Sites

The site rationalization process already regulated by the MSA agreement with TIM continued during the course of 2017.

Renegotiation of leases with lessors

In the context of containing rental costs and in consideration of the trend in the reference market, a program to renegotiate lease contracts, started in 2015, continued in 2017; this brought the monthly rental costs to an average of approx. 12.3 thousand euros, compared to approx. 14.5 thousand euros at the date of transfer (April 1, 2015).

In 2017, the saving achieved is attributable to targeted actions to contain rental costs, such as the renegotiation of rental contracts and the purchase of land.

Increased co-tenancy

As mentioned above, the Company continued to pursue the process aiming at leveraging its assets by increasing the number of customers on existing Sites.

The table below shows the effects of new hosting agreements at December 31, 2017 as compared to the same data at December 31, 2016:

(amounts stated in thousands)		***December 31, 2017***	***December 31, 2016***
Number of sites (*)	(a)	11,1	11,1
Number of hostings in place with Tenants (**)	(b)	20,1	19,1
Number of hostings in place with *Tenants*, excluding TIM (***)	(c)	9,4	8,4
Average number of *Tenants* per Site (Tenancy ratio)	(b)/(a)	1.82	1.72

(*) Net of sites being decommissioned and under construction.
(*) Excluding Sites in which the hosting service ceased during the period.
(**)* Number of hostings on the same Site. Please note that each Tenant refers to one hosting per Site only.

As shown in the above table, at December 31, 2017, the average number of operators per site was 1.82. This value was 0.85 if TIM is excluded.

INCOME, BALANCE SHEET AND FINANCIAL PERFORMANCE AT DECEMBER 31, 2017

INWIT was incorporated on January 14, 2015, as recipient of the business unit transferred by TIM on March 26, 2015, with effect on April 1, 2015.

The income statement data as at December 31, 2017 included in this Management Report provide, as comparative information, the corresponding values for the previous financial year.

OPERATING PERFORMANCE IN THE PERIOD

(thousands of euro)	*2017*	2016	Change	
			in absolute values	%
Revenues	356,596	333,508	23,088	6.9
Costs for lease of premises	(134,672)	(141,206)	6,534	4.6
Employee benefits expenses - Ordinary expenses	(7,732)	(6,636)	(1,096)	(16.5)
Employee benefits expenses - Restructuring and rationalization expenses	(1,186)	-	(1,186)	-
Maintenance and other operating and service expenses	(21,028)	(22,048)	1,020	4.6
EBITDA	***191.978***	***163,618***	***28.360***	***17.3***
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	(12,763)	(16,356)	3.593	22.0
Operating profit (loss) (EBIT)	***179.215***	***147,262***	***31.953***	***21.7***
Finance income and expenses	(3,709)	(3,547)	(162)	(4.6)
Profit (loss) before tax	***175.506***	***143,715***	***31.791***	***22.1***
Income taxes	(48,766)	(45,790)	(2,976)	(6.5)
Profit for the period	***126.740***	***97,925***	***28.815***	***29.4***

The structure of revenues and costs of the Company is largely determined by medium-term and long-term contracts, entered into as client or provider, under established financial terms and conditions. The main income statement items in 2017 are analyzed below:

Revenues

Revenues amounted to 356,596 thousand euros, broken down as follows:

(thousands of euro)	*2017*	*2016*	*Change*	
			in absolute	%
Revenues from TIM	268,362	254,892	13,470	5.2
Revenues from third parties	88,234	78,616	9,618	12.2
Total	***356,596***	***333,508***	***23,088***	***6.9***

Revenues from TIM amounted to 75.2% of total revenues (76.4% in 2016) and mainly consisted of the fee provided for by the related service contract (MSA) stipulated by the Parent Company..

Revenues from third parties, accounting for 24.8% of total revenues (23.5% in 2016), refer to hosting services offered by the Company to Italian mobile radio operators and other Radio operators. Relationships with these operators are regulated by long-term trade agreements (typically with a six year term and option for renewal). These revenues are influenced by the performance of the mentioned agreements and in particular are affected by the change in the number of Tenants per site.

EBITDA

EBITDA amounted to 191,978 thousand euros, with an EBITDA margin of 53.8% on revenues for the period (49.1% in 2016). EBITDA was particularly impacted by the change in the line items analyzed below:

- ***Costs for lease of premises***

  These amounted to 134,672 thousand euros, down by 6,531 thousand euros compared to 2016 (141,206 thousand euros) and represent 81.8% of the cost items with an impact on EBITDA (down compared to 83.1% of the previous year). These consist of areas owned by third parties on which the Sites are situated.

  During the period, INWIT continued implementing the renegotiation of Site leases and the land acquisition plan aimed at seizing opportunities arising from the slowdown in the real estate sector of recent years.

  The average monthly rents amounted to 12.3 thousand euros compared to approx. 14.5 thousand euros at the date of the transfer.

- ***Employee benefits expenses - Ordinary expenses***

  The item amounted to 7,732 thousand euros and reflects the organizational structure, which includes 97 employees at December 31, 2017 (compared to 88 employees at December 31, 2016.

- ***Employee benefits expenses - Restructuring and rationalization expenses***

  These amounted to 1,186 thousand euros. These are charges for incentivated redundancies and non-recurring personnel provisions.. This latter item relates to application of art 4 par. 1-7ter of Law no. 92 of 6.28.2012, so-called Fornero Law, envisaging an employee rationalization plan through voluntary early retirement.

- ***Maintenance and other operating and service expenses***

  These amounted to 21,028 thousand euros (22,051 thousand euros in the previous year).
  Maintenance costs are regulated mostly by the Maintenance Agreement entered into with TIM which came into effect starting on the effective date of the transfer.

Depreciation and amortization, losses on disposals and impairment losses on non−current assets

Details are as follows:

(thousands of euro)	*2017*	2016	Change	
			in absolute	%
Amortization of intangible assets with a finite useful life	1,810	1,068	742	69.5
Depreciation of tangible assets	10,691	12,494	(1,803)	(14.4)
Losses on disposals and impairment losses on non-current assets	262	2,794	(2,532)	(90.6)
Total	***12,763***	***16,356***	***(3,593)***	***(21.9)***

The item capital losses on disposals and impairment losses on non-current assets included only capital losses from disposal of non-current assets resulting from the decommissioning of sites amounting to 262 thousand euros.

EBIT

EBIT amounted to 179,215 thousand euros (147,262 thousand euros in 2016), with an EBIT margin of 50.3% on revenues (44.2% in 2016).

Net financial income/(expense)

The balance was (3,709) thousand euros, of which 1,536 thousand euros relating to interest expenses and bank fees (net of financial revenues) and 2,173 thousand euros relating to non-monetary changes for the adjustment of the provision for restoration costs and for the financial component of employee severance indemnities.

Income taxes

Income tax expense amounted to 48,766 thousand euros and reflect the estimated tax charge on the basis of theoretical rates of 24.0% for IRES and 4.45% for IRAP.

Profit for the period

This amounted to 126,740 thousand euros (97,925 thousand euros in 2016), with an profit margin of 35.5% on revenues (29.4% in 2016).

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON–CURRENT ASSETS

Goodwill: the item amounted to 1,411,770 thousand euros (same as at December 31, 2016):

Other intangible assets: these amounted to 26,548 thousand euros (13,463 thousand euros at the end of 2016). The increase reported is the balance of the following items:

- Industrial investments (+14,871 thousand euros)
- amortization for the year (-1,810 thousand euros)
- other changes (+24 thousand euros)

Tangible assets: the item amounted to 222,337 thousand euros (compared to 193,028 thousand euros at December 31, 2016): The following variations arose during the course of 2017:

- investments in tangible assets (+40,504 thousand euros)
- impairment losses and disposals (-350 thousand euros)
- amortization in the period (-10,691 thousand euros)
- other changes (-154 thousand euros)

For a more detailed analysis, see Note 6 "Tangible Assets" to the Financial Statements at December 31, 2017.

CAPITAL EXPENDITURES

Investments made in during 2017, totaling 55,375 thousand euros, refer to the purchase of land, land use rights, extraordinary maintenance, development of small cells, implementation of backhauling and construction of new infrastructures, the remainder referring to intellectual works, equipment and other assets.

EQUITY

This amounted to 1,522,660 thousand euros.
Equity in 2017 was composed as follows (compared with the previous year):

(thousands of euro)	*12.31.2017*	*12.31.2016*
Share capital	600,000	600,000
Share premium reserve	660,000	660,000
Legal reserve	120,000	120,000
Provision for instruments representing net equity	34	34
Other reserves	(72)	(125)
Retained earnings (losses) including earnings (losses) for the period	142,698	104,157
Total	***1,522,660***	***1,484,066***

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of the net financial debt at December 31, 2017, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004. The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euro)	*12.31.2017*	*12.31.2016*
A. Cash		
B. Other cash equivalents	54,360	85,599
C Securities held for trading		
D Liquidity (A + B + C)	***54,360***	***85,599***
E. Current financial receivables	70	89
F Current financial payables		
G Current portion of financial payables (medium/long-term)	(40,178)	(20,233)
H. Other current financial payables		
I Current financial debt (F+G+H)	***(40,178)***	***(20,233)***
J Net current financial debt (I+D+E)	***14,252***	***65,455***
K Medium/long term financial payables	(59,884)	(99,763)
L Bonds issued		
M Other non-current financial payables		
N Non-Current financial debt (K+L+M)	***(59,884)***	***(99,763)***
O Net financial debt as recommended by ESMA (J+N)	***(45,632)***	***(34,308)***
Other financial receivables and non-current financial assets (*)	201	216
INWIT Net financial debt	***(45,431)***	***(34,092)***

(*) This item refers to loans granted to certain employees of the company at December 31, 2017.

The main items of ESMA net financial debt are described below:

Financial debt (current and non-current)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euro)		*12.31.2017*	*12.31.2016*
Financial payables (medium/long-term):			
Amounts due to banks		59,884	99,763
Total non-current financial liabilities	***(a)***	***59,884***	***99,763***
Financial payables (short-term):			
Amounts due to banks		40,178	20,232
Amounts owed to the Parent Company		-	1
Total current financial liabilities	***(b)***	***40,178***	***20,233***
Total Financial liabilities (Gross financial debt)	***(a+b)***	***100,062***	***119,996***

This item refers to the Term Line under the Loan Agreement signed by the Company on May 8, 2015 with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A., and UniCredit S.p.A., which is described in detail in the Note "Financial liabilities (non-current and current)" of the individual Financial Statements at December 31, 2017.

Cash and cash equivalents

At December 31, 2017, this item amounted to 54,360 thousand euros.
Cash is held in bank and postal current accounts and bank deposit accounts with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments have been made with investment-grade leading banking institutions (42,957 thousand euros) and with the Group (10,065 thousand euros) for no more than 20% of total liquidity: There are also 1,338 thousand euros in checks and cash in hand.
- Country risk: investments were made in Italy and the UK.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euro)	2017	2016	Change
EBITDA	191,978	163,618	28,360
Capital expenditures on an accrual basis (*)	(55,375)	(35,271)	(20,104)
EBITDA - Capex	136,603	128,347	8,256
Change in net operating working capital:	7,567	8,295	(728)
Change in trade receivables	(15,276)	1,684	*(16,960)*
Change in trade payables (**)	33,307	16,003	*17,304*
Other changes in operating receivables/payables	(10,464)	(9,392)	*(1,072)*
Change in provisions for employee benefits	1,072	222	850
Change in operating provisions and Other changes	590	(4,624)	5,214
Operating free cash flow	145,832	132,240	**13,592**
% of EBITDA	76,0%	80,8%	47,9%
Flow from acquisition of investments	(1,763)	(5,939)	4,176
Flow of finance expenses	(1,536)	(1,702)	166
Change in financial assets	34	(201)	235
income taxes paid	(65,518)	(54,568)	(10,950)
dividend payments	(88,200)	(56,700)	(31,500)
Change in other non-current assets	-	2,971	(2,971)
Other non-monetary changes	(173)	(2,362)	2,189
Increase in ESMA net financial debt	(11,324)	13,739	(25,063)

(*) Net of considerations received for transfer of assets.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

In addition to what has already been detailed with reference to EBITDA, financial debt for the financial year 2017 was affected by the following items:

Acquisition of investments

The flow of 1,763 thousand euros refers to payment of the balance for the purchase of the entire equity of the three companies Revi Immobili S.r.l., Gestione Due S.r.l. and Gestione Immobili S.r.l., whose merger took place on September 26, 2016 with effect for accounting and tax purposes from January 1, 2016. As collateral for counterparty obligations, an amount of 180 thousand euros was retained on the final installment.

Capital expenditure

Investments made in the reporting period amounted to 55.375 euro, and related to the purchase of software, land and surface usage rights, the development of new Sites, and the extraordinary maintenance and development of smart cells and backhauling.

Change in net operating working capital

The change in working capital was positive at 7,567 thousand euros.

Finance income and expenses

The balance was 3,709 thousand euros, of which (301) thousand euros relating to interest accrued in the period, and 1,837 thousand euros relating to interest expenses and bank fees (net of non-monetary changes, amounting to 2,173 thousand euros, due to the adjustment of the provision for restoration costs and for the financial component of employee severance indemnities).

DETAILED TABLES

INWIT's Financial Report at December 31, 2017 was drafted in accordance with Section 154–ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and additions, and prepared in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union (defined as the "IFRS") and with the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38/2005.

The Financial Report at December 31, 2017, comprises:

- the Management Report;
- the Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2017
- certification of INWIT's Financial Statements at December 31, 2017 pursuant to art. 81-ter of Consob Regulation 11971 dated May 14, 1999, and subsequent amendments and additions

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures are presented for the purpose of a better understanding of the trend of operations and of the Company's financial situation. In particular, the alternative performance indicators refer to: EBITDA, EBIT, net financial debt, INWIT's net financial debt, and Operating Free Cash Flow.

The chapter "Business outlook for the year 2018" contains forward-looking statements related to the management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

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Separate Income Statement

(euros)	2017 (a)	2016 (b)	Changes (a-b) in absolute values	 %
Revenues	***356,595,997***	333,508,046	23,087,951	6.9
Acquisition of goods and services	(152,199,821)	(160,660,018)	8,460,197	5.3
Employee benefits expenses - Ordinary expenses	(7,732,055)	(6,635,876)	(1,096,179)	(16.5)
Employee benefits expenses - Restructuring and rationalization expenses	(1,186,130)	-	(1,186,130)	-
Other operating expenses	(3,499,530)	(2,594,384)	(905,146)	(34.9)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***191,978,461***	163,617,768	28,360,693	17.3
Amortization, gains/losses on disposals and impairment losses on non-current assets	(12,763,399)	(16,355,935)	3,592,536	22.0
Operating profit (loss) (EBIT)	***179,215,062***	147,261,833	31,953,229	21.7
Financial income	301,216	27,099	274,117	1.011.5
Financial expenses	(4,009,849)	(3,573,626)	(436,223)	(12.2)
Profit (loss) before tax	***175,506,429***	143,715,306	31,791,123	22.1
Income taxes	(48,765,655)	(45,790,473)	(2,975,182)	(6.5)
Profit for the period	***126,740,774***	97,924,833	28,815,941	29.4
Basic and Diluted Earnings Per Share	0.211	0.163	0.048	29.4

Statement of Comprehensive Income

Pursuant to IAS 1 (*Presentation of Financial Statements*), the Statement of Comprehensive Income, which includes the Profit (Loss) for the period, as per the Separate Income Statement, also includes the other changes in Net Equity other than those connected to transactions with Shareholders.

(euros)		2017	2016
Profit for the period	*(a)*	*126,740,774*	*97,924,833*
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Re-measurement of employee fixed benefit plans (IAS19):			
Actuarial gains (losses)		70,.209	(178,479)
Net fiscal impact		(16,850)	42,835
Total other items that will not subsequently be reclassified in the Separate Income Statement	*(b)*	*53,359*	*(135,644)*
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items of the Statement of Comprehensive Income	*(d=b+c)*	*53,359*	*(135,644)*
Total Comprehensive income for the period	*(e=a+d)*	*126,794,133*	*97,789,189*

Items of the consolidated statement of financial position

(euros)	*12.31.2017* (a)	12.31.2016 (b)	Change (a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	1,411,770,320	1,411,770,320	-
Intangible assets with a finite useful life	26,548,916	13,462,499	13,086,417
Tangible assets			
Property, plant and equipment	222,336,325	193,027,646	29,308,679
Other non-current assets			
Non-current financial assets	200,878	216,480	(15,602)
Miscellaneous receivables and other non-current assets	19,493,560	16,685,002	2,808,558
Deferred tax assets	2,798,307	1,230,684	1,567,623
Total Non-current assets	***1,683,148,306***	1,636,392,631	46,755,675
Current assets			
Trade and miscellaneous receivables and other current assets	73,280,611	51,893,630	21,386,981
Financial receivables and other current financial assets	69,688	88,859	(19,171)
Income tax receivables	-	-	-
Cash and cash equivalents	54,360,006	85,598,979	(31,238,973)
Total Current assets	***127,710,305***	137,581,468	(9,871,163)
Total Assets	***1,810,858,611***	1,773,974,099	36,884,512

(euros)	*12.31.2017* (a)	12.31.2016 (b)	Change (a-b)
Equity			
Share capital	600,000,000	600,000,000	-
Share premium reserve	660,000,000	660,000,000	-
Legal reserve	120,000,000	120,000,000	-
Other reserves	(37,603)	(90,962)	53,359
Retained earnings (losses) including earnings (losses) for the period	142,698,232	104,157,459	38,540,773
Total Equity	***1,522,660,629***	1,484,066,497	38,594,132
Liabilities			
Non-current liabilities			
Employee benefits	2.387.811	1,835,029	552.782
Deferred tax liabilities	-	-	-
Provisions for Risks and Charges	97.268.838	95,190,596	2.078.242
Non-current financial liabilities	59.884.084	99,763,450	(39.879.366)
Miscellaneous payables and other non-current liabilities	2.426.158	1,600,690	825.468
Total Non-current liabilities	***161.966.891***	198,389,765	(36.422.874)
Current liabilities			
Current financial liabilities	40,178,370	20,232,594	19,945,776
Trade and miscellaneous payables and other current liabilities	84,420,058	69,239,541	15,180,517
Income tax payables	1,632,663	2,045,702	(413,039)
Total current Liabilities	***126,231,091***	91,517,837	34,713,254
Total liabilities	***288,197,981***	289,907,602	(1,709,621)
Total Equity and Liabilities	***1,810,858,611***	1,773,974,099	36,884,512

Cash flow statement

(euro)		2017	2016
Cash flows from operating activities:			
Profit for the period		126,740,774	97,924,833
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		12,763,399	16,355,935
Net change in deferred tax assets and liabilities		(1,584,473)	(76,961)
Change in provisions for employee benefits		1.071.714	222,351
Change in trade receivables		(15.275.961)	1,682,745
Change in trade payables		13.656.313	8,641,454
Net change in miscellaneous receivables/payables and other assets/liabilities		(25.043.000)	(22,727,000)
Other non-monetary changes		2.020.554	2,392,972
Cash flows from operating activities	***(a)***	***114.349.320***	***104,416,329***
Cash flows from investing activities:			
Total purchase of intangible and tangible assets on an accrual basis		(55.375.000)	(35,271,000)
Change in amounts due to fixed asset suppliers		19.649.000	7,362,000
Total purchase of intangible and tangible assets on a cash basis		(35,726,000)	(27,909,000)
Change in financial receivables and other financial assets		34,000	(201,448)
Acquisition of control in subsidiaries or other businesses, net of cash acquired		-	(5,939,000)
Deferred payment for acquisition of control in companies		(1,763,000)	-
Cash flows used in investing activities	***(b)***	***(37,455,000)***	***(34,049,448)***
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(19,933,292)	98,697
Dividends paid		(88,200,000)	(56,700,000)
Cash flows used in financing activities	***(c)***	***(108,133,292)***	***(56,601,303)***
Aggregate cash flows	***(d=a+b+c)***	***(31,238,972)***	***13,765,578***
Net cash and cash equivalents at beginning of the period	***(e)***	***85,598,979***	***71,833,401***
Net cash and cash equivalents at end of the period	***(f=d+e)***	***54,360,006***	***85,598,979***

EVENTS SUBSEQUENT TO DECEMBER 31, 2017

See the specific Note "Events subsequent to December 31, 2017" to the Individual Financial Statements at 31.12.2017.

POSITIONS OR TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS, NON-RECURRENT SIGNIFICANT EVENTS AND OPERATIONS

Pursuant to the Consob communication No. DEM/6064293 of July 28, 2006, it is specified that during the financial year 2017 no atypical and/or unusual operations were carried out, and that no significant non-recurring events or operations (as defined by said Communication) occurred.

BUSINESS OUTLOOK FOR THE YEAR 2018[5]

The wireless infrastructure market continues its process of profound transformation and growth in demand for services from mobile operators and other radio network operators.

Mobile Operators must increase their Service Access Points to expand 4G coverage and prepare for the transition from 4G to 5G.

Wireless Fixed Access providers are also expanding their networks to extent coverage and improve the quality of service offered to customers.

Other radio network operators such as IoT and "Public Safety" providers are already on the market, and new players specialized in specific product/market relationships are expected to enter thanks to the innovative usage models made possible by 5G. These market dynamics, together with the growing willingness of operators to share network infrastructure elements, lead INWIT to expect further growth in traditional business and a strong acceleration in new business.

(5) The chapter "Business outlook for the year 2017" contains forward-looking statements related to the Company's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies. Readers of this Report are reminded not to place undue reliance on such forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2018 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond INWIT's control.
The main risks concerning the business activities of the Company, which may impact, even significantly, on the ability to achieve the objectives set by the management, are presented below.

The risk factors concerning the Company

Risks associated with the concentration of the Company's revenues on a limited number of customers
Due to the concentration of the Company's customers, any issues in commercial relations with key customers could result in significant adverse effects on its earnings, balance sheet, and financial position.
The main customers are TIM, with which the Company entered into an MSA, and the three main MNOs in Italy other than TIM (Vodafone Omnitel B.V., Wind Telecomunicazioni S.p.A., and H3G S.p.A.), with which the Company has signed hosting services agreements. With respect to these agreements it should be noted that there is no certainty that they will continue or that they will be renewed upon expiration. Furthermore, even in case of renewal there is no certainty that the Company may be able to obtain contractual conditions that are at least comparable to those of the agreements in effect.
At any rate, the relationships with the Company's Customers are governed by multi-year commercial agreements, which are renewed automatically. Specifically, pursuant to the MSA, TIM may not terminate the Agreement before the end of an initial 8-year term. Part of the increase in Tenants is guaranteed by TIM pursuant to the aforementioned MSA (2,381 Tenants in the 2015-2018 period).
As part of its organizational processes, the Company has implemented a monitoring process for expiring agreements, and is also focused on Complementary Businesses (Small Cell).
In addition to the above, as a result of the concentration of revenues, the Company is also potentially exposed to credit risk arising from the possibility that its trading partners are not capable or able to meet their obligations.
Any interruption of the relationships with key customers, inability to renew existing contracts upon expiration, or possible default by one of its commercial counterparts could have negative effects on the activities and on the income, balance sheet, and financial position of the Company.

Risks associated with the MSA
Given the importance of the agreement stipulated with TIM (MSA) in terms of the Company's revenues, the latter's balance sheet, income, and financial position could be adversely affected should TIM exercise the right to withdraw from the agreement or the option not to renew it, or should increases in the costs borne by the Company not be offset by the consideration due from TIM.
At any rate, pursuant to the MSA, TIM may not terminate the Agreement before the end of an initial 8-year term.

Risks associated with the outsourcing of some services
With respect to the *outsourcing* to TIM of maintenance services which the Company is required to provide under the MSA, it should be pointed out that any interruption in the relationships with the contractual parties, the inability to renew existing contracts upon expiration, or any default by one of the counterparties, could have negative effects on the activities and on the income, balance sheet, and financial position of the Company.

Risks related to management and coordination by TIM

The Company is part of the TIM Group and is subject to management and coordination by the latter in accordance with Articles 2497 and following of the Italian Civil Code. Without prejudice to the above, it should be noted that the Company can operate (i) in a condition of operational independence, to the extent appropriate to its status as a listed company and in compliance with the best practices followed by listed companies, and in any case with the rules of proper market functioning, through the revenues it generates from its customers and use of its own expertise, technology, and human and financial resources, and (ii) in a condition of broad managerial autonomy with respect to all operations (strategic planning, general management guidelines, extraordinary corporate transactions, communication of information, personnel and compensation policies, treasury transactions).

With specific reference to strategic planning, it is pointed out that the Company prepares its industrial plan in full autonomy and notifies it to TIM for the purpose of preparing the plan of the Group, to which INWIT belongs. TIM formulates guidelines, comments and observations that are not binding on the Company. Without prejudice to the above, it should be noted that in view of the commitments undertaken under the MSA, the Company is subject to certain operational constraints.

Risks associated with the Company’s ability to block a takeover

In view of the interest held by its controlling shareholder TIM and the regulatory framework in which the Company operates, a takeover can be blocked.

Risks related to potential conflicts of interest by some of the Directors

This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks related to key personnel

Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company’s income, balance sheet, and financial situation.

The results achieved by the Company also depend on the contribution provided by some individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Business Support", the Head of "Finance & Administration" and the Head of "Business Management & Operations").

Risks associated with Related Party Transactions

The Company has engaged and is engaged in significant relations with TIM and with the senior management. These transactions have provided and provide, as appropriate, benefits arising from the use of shared services and skills, Group synergies and common financial policies which, in the opinion of the Company, are regulated by terms in line with market conditions. Nevertheless, there is no certainty that, if these transactions had been carried out with third parties, such parties would have negotiated and entered into the respective contracts, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to the Company losing the authorization to conduct its activity

The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in effect.

In the event the general authorization is not renewed upon expiration or is revoked by the Ministry or the Authority should the Company fail to comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive Infrastructure, which would result in significant adverse effects on its income, balance sheet, and financial situation.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators

The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding, and renewal procedures independently of the Company.

The Company's business depends on the ability of its mobile telephone operator customers to preserve their rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term, telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites

Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events for such infrastructure could have negative effects on the income, balance sheet, and financial situation of the Company.

With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

Risks related to the Company's inability to implement its development strategy

In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities and on its income, balance sheet, and financial situation. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- expansion of the number of Sites in line with developments in demand.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or the Company's customers operate, including specifically any imposition of stricter limits to EMC emissions, could have adverse effects on the activities and on the income, balance sheet, and financial situation of the Company.

Risks related to the Loan Agreement

The Loan Agreement signed on May 8, 2015 between the Company and UniCredit S.p.A., Mediobanca - Banca di Credito Finanziario - S.p.A. and Intesa Sanpaolo S.p.A. provides for a series of general commitments and positive and negative covenants undertaken by the Company, which, although in line with market practice for loans of similar amounts and nature, may restrict its operations. For additional information see the Note “Financial liabilities (current and non-current)” to the individual Financial Statements at December 31, 2017.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity following decommissioning of the site, the Company must dismantle the infrastructure and restore the site to its original condition if this is envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located. In this regard it should be noted that, as a rule, the leases provide for the Company’s obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected both by the expected unit restoration costs and by the inflation/discount rates, which are beyond the Company's control and whose changes may adversely affect the income and balance sheet situation of the Company.

Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2017 were considered adequate by the Company at the date of completion of this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions.

Any adverse outcome in the principal legal proceedings in which the Company is involved, for amounts significantly higher than those for which provision has been made, could have negative effects on the Company's activities and on its income, balance sheet, and financial situation.

Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2017 were considered adequate by the Company at the date of completion of this document.

Risk factors related to the industry in which the Company operates

Risks associated with the operation of existing sites, the identification of new sites suitable for the development of the Company's projects, and the issuance and/or revocation of administrative authorizations.

Any failure or delay in obtaining authorizations and permits for the Company, as well as their subsequent withdrawal, could lead to negative effects on the Company's operations and, consequently, on its income, balance sheet, and financial situation.

Risks related to the effects on infrastructure of natural disasters or other force majeure events

The proper operation of the infrastructure is essential for the Company's activity and to provide services to its customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be followed should such events occur, any damage to part or all of the towers of the Company or, more generally, to its Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the Company's normal operations and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities

The Company relies on infrastructure to provide its services and, more generally, to conduct its business; by its very nature, this infrastructure is subject to interruptions or other malfunctions caused, among other things, by prolonged power outages, security issues, or suppliers' defaults. Any network outage, access by unauthorized persons, and security breach or other failures of the Company's technical infrastructure or any actions taken in order to deal with or prevent them, could lead to significant additional costs for the Company, or prevent its operation, with possible negative effects on the Company's activities and on its income, balance sheet, and financial situation.

Risks related to technical and technological developments

The Company's inability to identify technical solutions capable of addressing market changes and future needs could have a negative impact on the income, balance sheet, and financial situation of the Company.

Risks related to increased competition

The Italian market is characterized by a limited number of national and international competitors in the business sectors in which the Company operates. It is possible that, considering the growth prospects of the industry, certain international or national operators that own towers and are already present in adjacent sectors, start activities in competition with the Company, by expanding their business, thereby increasing the level of competition in the industry; this would engender pressure on prices and declining margins. Such circumstances may affect the development plans of the Company, its pricing policy and its revenues, with negative effects on the activities and the income, balance sheet, and financial situation of the Company.

Risks related to environmental and health protection

The Company is subject to comprehensive regulation on the protection of the environment and human health at the national and EU level. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the income, balance sheet, and financial situation of the Company.

Risks associated with the reference regulatory framework in relation to the activities carried out by the Company's customers

The activities of Company's customers are subject to complex regulations at national and EU level, especially with regard to environmental and administrative matters; in this context, the numerous regulatory requirements imposed by the relevant authorities are very important due to the indirect impact that customers' non-compliances could have on the Company's activities. Specifically, mobile phone operators hosted at the Company's sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields.

Any infringement of the legal and regulatory framework applicable to the Company's customers could have a negative impact on the income, balance sheet, and financial situation of the customers and, indirectly, of the Company.

Risks related to the powers of the Italian Government ("golden powers")

Certain corporate resolutions of the Company, or the purchase of equity interests relevant for the control of the Company by non-EU entities, may be restricted by the Italian Government by virtue of its special powers ("golden powers") envisaged under Decree Law no. 21 of March 15, 2012, as converted with amendments into Law no. 56 of May 11, 2012, which governs the special powers of the State in relation, among other things, to strategic assets in the communications industry.

Risks associated with the possible contraction of customer demand for the Company's services

The Company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, in accordance with the business model adopted: from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customer demand for the services provided by the Company, even when due to contingent reasons, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to global economic conditions

Any contraction of customer demand for the services provided by the Company, linked to the persistent global economic and financial crisis, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to the costs for the construction of the Passive Infrastructure

The development and implementation of the passive infrastructure requires the Company to incur capital expenditures. Any significant increase in the costs for the development and construction of the Company's Passive Infrastructure could have a negative impact on its income, balance sheet, and financial situation.

CORPORATE BODIES AT DECEMBER 31, 2017

BOARD OF DIRECTORS

The Company's Board of Directors, based on the Shareholders' Meeting resolutions of April 20, 2017, consists of 15 directors and will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2017.

On March 16, 2017, the Board of Directors appointed Engineer Saverio Orlando as Director of the Company, in place of Engineer Venanzio Iacozzilli who has resigned on March 8, 2017.

On April 20, 2017, as mentioned above, it approved the increase in the number of members of the Board of Directors from 11 to 15. 4 new directors were therefore appointed in the persons of: Filomena Passeggio, Luca Aurelio Guarna, Agostino Nuzzolo and Giuseppe Recchi, who will remain in office until the term of office of the current Board of Directors expires, and therefore until approval of the financial statements at December 31, 2017.

On March 7, 2017, the Board of Directors appointed Venanzio Iacozzilli as a non-executive Director of the Company, in place of Elisabetta Colacchia who has resigned on July 31 last.

The Company's Board of Directors is now composed as follows:

Chairman	Francesco Profumo
Chief Executive Officer	Oscar Cicchetti
Directors	Paola Bruno (independent director) Primo Ceppellini (independent director) Cristina Finocchi Mahne (independent director) Alessandro Foti (independent director) Giuseppe Gentili (independent) Luca Aurelio Guarna (independent) Venanzio Iacozzilli Agostino Nuzzolo Saverio Orlando Filomena Passeggio (independent) Piergiorgio Peluso Giuseppe Recchi Paola Schwizer (independent director)
Secretary to the Board	Rocco Ramondino

All board members are domiciled for the positions they hold in INWIT at the registered office of the Company in Via G. Vasari 19 Milan.

The Board of Directors, which comprises a majority of independent directors, complies with the provisions contained in art. 37 of Consob Market Regulation and with the recommendations of the Corporate Governance Code issued by Borsa Italiana.

There are also the Control and Risks Committee and the Appointments and Remuneration Committee.

On April 28, the Board resolved to increase the number of members of the aforementioned Committees from 3 to 5, integrating them with the appointment of the Directors Guarna and Passeggio.

Their composition is therefore the following:

- ***Control and Risk Committee:*** composed of the Directors: Paola Schwizer (Chairman), Primo Ceppellini, Alessandro Foti, Luca Aurelio Guarna and Filomena Passeggio.
- ***Nomination and Remuneration Committee***: composed of the Directors: Cristina Finocchi Mahne (Chairman), Paola Bruno, Giuseppe Gentili, Luca Aurelio Guarna and Filomena Passeggio.

BOARD OF STATUTORY AUDITORS

At the time of the Company's incorporation, the Board of Statutory Auditors of the Company was appointed: said Board shall remain in office until the approval of the financial statements for the year 2017. The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Enrico Maria Bignami
Acting Auditors	Umberto La Commara
	Michela Zeme
Alternate Auditors	Guido Paolucci
	Elisa Menicucci

INDEPENDENT AUDITORS

The Shareholders' Meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

At its meeting of May 8, 2015, the Board of Directors appointed Rafael Giorgio Perrino (Company Head of Finance and Administration) as manager responsible for preparing the financial reports of INWIT with effect on the date of commencement of trading on the electronic stock exchange (June 22, 2015).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INWIT's internal control and risk management system is organized, and operates, in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the Company's general organizational framework, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities as follows: the Board of Directors is responsible for strategic guidance and supervision; the CEO and management are responsible for monitoring and managing the Company's operations; the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and the Board of Statutory Auditors has a supervisory role.

In particular, the Internal Control and Risk Management system is composed of a series of rules, procedures and organizational structures designed to permit - through a process of identification, measurement, management and monitoring of the main risks - the sound, correct management of the Company in keeping with the provisions of the Company's **Code of Ethics** and **Code of Corporate Governance** (both of which may be consulted on the website www.inwit.it, Governance section) approved by the Board of Directors on 27 February, 2015, which allow exceptions to and/or supplement the framework of rules governing the duties and working of the Company's governing bodies, and on other matters refers to the Code of Corporate Governance drawn up by the Corporate Governance Committee of Borsa Italiana.

The internal control system is completed by the so-called: "**231 Organizational Model**", that is, an organizational and management model adopted pursuant to Italian Legislative Decree no. 231/2001, designed to prevent commission of criminal offences that may entail the Company's liability.

The Organizational Model of TIM, adopted by INWIT, is organized into:

- the **Code of Ethics** which ideally heads the entire corporate *governance* system and represents INWIT's charter of values for the ethical (that is, the transparent, correct and true) management of its business affairs. The Code of Ethics sets out, in particular, the nature of disclosure of business practices and affairs to the intended recipients of such information, namely: the members of the governing bodies, the management, those working for the Company. External contractors and consultants, and insofar as the Company's procedural system provides for such, third parties with business relations with INWIT, must comply with the Code of Ethics. As is the case with all of the Company's instruments of governance, the Code of Ethics is constantly monitored and checked in view of developments in the law, and in business and market practices, bearing in mind the results of monitoring by the Control and Governance functions of TIM.

- the "**rules of conduct**" consisting in specific rules governing relations with third parties, formalities and corporate activities;

- the "**internal control process charts**" describing the corporate processes at risk of commission of criminal offences, the corresponding criminal offences, the aspects of control, and guidelines aimed at preventing illegal conduct.

The Organizational Model takes into consideration those criminal offences covered by Italian Legislative Decree no. 231/2001, with the exclusion of those deemed not to directly concern TIM.

The functions of Supervisory Body are assigned to the Board of Statutory Auditors, which as such monitors the operation and compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and the corresponding results of such.

INWIT's website features a specific section concerning the adopted 231 Organizational Model. (www.inwit.it, Governance Systems section).

The following company policies and procedures have been established and adopted:

- the **Anticorruption Policy** that constitutes the benchmark for the prevention of corrupt practices ;

- the **Whistleblowing Procedure** which introduces a process designed to guarantee the receipt, analysis and management of reports of conduct suspected of infringing the Code of Ethics and Conduct and the 231 Organizational Model adopted by INWIT, the internal procedures, and any external regulations applicable to INWIT, together with reports from the Board of Statutory Auditors insofar as it is concerned.

- the **Procedure for transactions with related parties**, approved by the Board of Directors on May 18, 2015, establishing the procedural rules applicable to transactions with parties related to INWIT, carried out by the Company either directly or through its subsidiaries, pursuant to the Regulations adopted by CONSOB with its resolution no. 17221/2010 and subsequent amendments.

- the **Procedure for the internal management and public disclosure of insider information**, approved by the Board of Directors on February 27, 2015, in regard to the means of public disclosure of documents and information regarding the Company, with specific regard to insider information.

In accordance with the Company's Code of Corporate Governance, in exercising the Board of Directors' responsibility for the internal control and risk management system, the Board also avails itself of the services not only of the Internal Control and Risk Management Committee, but also of the head of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. The Head of the Audit Function, Laura Trucco, is responsible for supporting the administrative and control bodies in verifying the adequacy, full operation and effective functioning of the risk management and control system, and consequently for proposing corrective measures in the event of anomalies or shortcomings.

The Head of the Audit Function also acts as guarantor in regard to compliance with the principles and values expressed in the Code of Ethics, by handling the reports received from employees, contractors, consultants, service providers and business partners of the Company, in regard to any violation of the law or regulations, of the Code itself, or of company procedures, and by promoting the most suitable actions as a consequence of such reports.

As permitted by the Company's Code of Corporate Governance, and as decided by the Board of Directors, subject to the opinion of the Control and Risks Committee, the Audit Function avails itself, through a specific Framework Agreement, of the services of a major audit firm, selected following a specific call for tenders, in order to carry out its own activities.

Furthermore, during the course of the financial year 2016 the Compliance and Regulations Function was established with the aim of strengthening the safeguards provided by the internal control system.

The **principal persons and bodies involved in the operation of the internal control system are** :

1. the **Board of Directors**, whose role it is to guide and periodically (annually) assess the system;

2. the **Executive Directors** (at present: the Chairman of the Board of Directors and the Chief Executive Officer), in their capacity as directors appointed to establish and maintain the system, in keeping with the guidelines established by the plenum of the Board of Directors;

3. the **Control and Risks Committee**, whose role it is to provide preliminary support to the Board of Directors in regard to the latter's duties concerning internal control and risk management;

4. the **Head of the Audit Function** who is accountable to the Board of Directors, and whose task it essentially is to monitor the operation and adequacy of the internal control and risk management system;

5. the **manager appointed** to draw up the Company's accounting documents, by the Board of Directors, who is responsible for establishing adequate administrative and accounting procedures for the formation of the interim and final financial statements, together with any other financial disclosures or reports.

6. the **Board of Statutory Auditors** which, borrowing an expression from the Stock Exchange Code, represents the head of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, the same Board also has the functions of supervisory body, pursuant to Italian Legislative Decree no. 231/2001, for the purposes of corporate self-governance.

INWIT'S PEOPLE

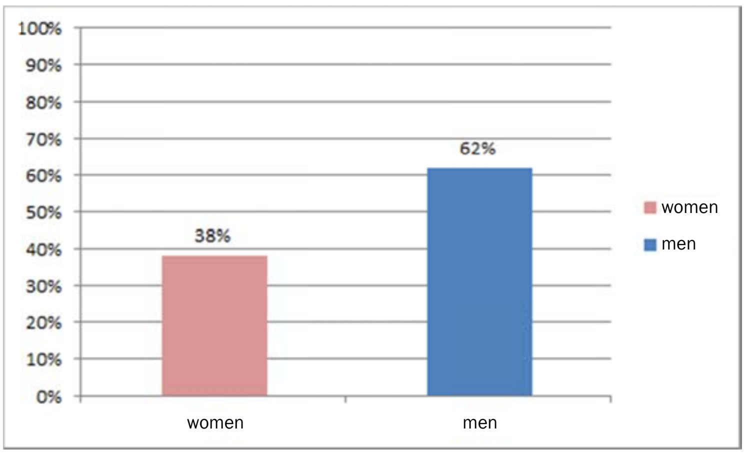
In a competitive scenario, where business, technology and consumption models are constantly undergoing radical change, the change required to meet the market challenge must include the valorization of employees and the development of their professionalism.
INWIT recognizes the centrality of human resources, respects workers' rights and safeguards their safety and health in the workplace, consistently with the Code of Ethics, adopted by all of the Companies in the Group and based on the UN's Global Compact, which health and safety, respect for rights, promotion of equal opportunities and professional development.
Management of labour relations in INWIT aims to favor equal opportunities and the professional development of each employee.

WORKFORCE

There were 97 employees at December 31, 2017. They can be subdivided into their respective categories, as follows:

(units)	*12.31.2017*	*12.31.2016*
Executives	7	8
Middle Managers	25	21
Administrative staff	65	59
Total	***97***	***88***

The distribution of the workforce in gender terms is as follows:



The average entity of the workforce in the period in question was 92.1 employees (units), and can be sub-divided as follows:

average workforce	*2017*	*2016*
Executives	7.0	5.7
Middle Managers	22.3	19.6
Administrative staff	62.8	54.3
Total	***92.1***	***79.6***

In 2017, INWIT continued the process of consolidation of activities, processes and organizational structure. In parallel, the workforce increased by 9 resources (balance between 12 entries and 3 exits). From the beginning of the activity (April 1, 2015), the workforce has grown by just over 64% (38 people)

The growth in the workforce of 12 resources was in keeping with the evolution of the planned qualitative/quantitative through the hiring of personnel from the TIM Group, selected strictly on the basis of the skills required**.** 75% of the newly-hired employees are employed in the Business Management & Operations Function, while the remaining 25% have been assigned to Staff functions.

The growth in the workforce has been accompanied by a program of continuous training and skill development.

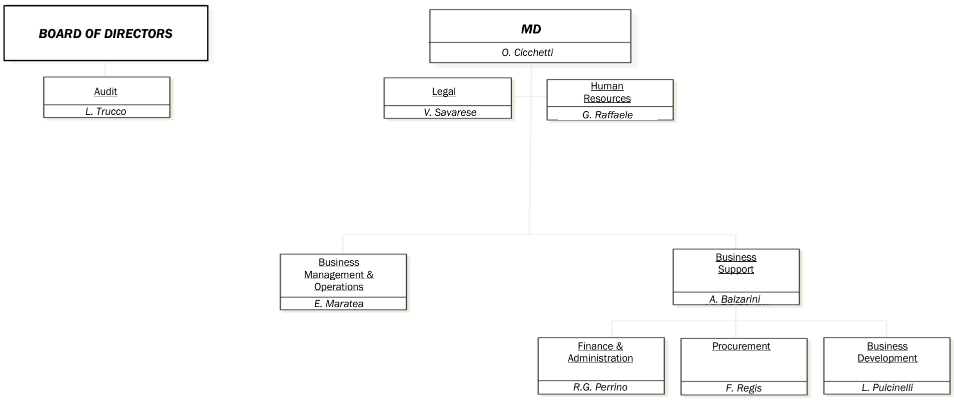
ORGANIZATION

In order to guarantee operations and the achievement of company targets, the Company adopted an organizational model that provides for the monitoring of the principal activities required for the management and development of the Company's business.

The organizational structure establishes the following functions, whose principal activities are described below and who shall be answerable to the CEO:

- the Business Management & Operations function, which is responsible for ensuring the development of hosting revenues, through the creation of new sites and development of existing ones, optimization of rental costs, implementation of new services and in particular microcell coverage and backhauling. To this end, the function is assigned all the operational levers and responsibility for sales and after-sales processes, asset and operational management of sites and for other corporate production assets.The function is broken down into 4 areas: North-West, North-East, Center and South in order to monitor activities at the local level;
- the Business Support function, with the mandate to ensure coordination of the three structures Finance & Administration, Procurement e Business Development;
- the Legal function, which ensures the legal protection of the Company through consultancy, assistance and resolution of any disputes and litigation. Furthermore, through the Compliance and Regulatory structure, Legal also ensures the management of compliance processes and regulatory issues;
- the Human Resources function, which guarantees the hiring, management and development of employees, the establishment of remuneration policies, the evaluation of performance, the definition and adoption of the organizational structure that effectively and efficiently supports the reaching of company targets.

The Audit function, which reports to the Board of Directors, guarantees the establishment and implementation of audit programs, draws up reports concerning the audit activities carried out and monitors the implementation of the improvement plans defined following audits.



Note: The Head of the Audit Function, Laura Trucco, was appointed by the Board with effect from January 1, 2018.

ISO 9001:2015 CERTIFICATION

In support of the consolidation of business following the initial start-up period, in 2016 INWIT launched a project for the certification, in accordance with UNI EN ISO 9001:2015 standards, of the following process monitored by Business Management & Operations "Supply of integrated services for hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting, and the associated activities of marketing, implementation and management of contracts entered into with customers and owners, routine and extraordinary maintenance, the construction of new sites and the disposal of existing sites".
The Certification concluded positively in the first few months of 2017; activities supporting improvement continued throughout the year.

TRAINING

In 2017, a total of 2,262 hours of training were provided, equivalent to an average of just over 24 hours per capita. Nearly all of INWIT's employees were involved in training courses. Newly hired colleagues took part in a day of induction into the Company.

MANAGEMENT TRAINING

During the year, approximately 194 hours of managerial training were provided, both in the classroom and digital mode. The main topics concerned the continuation of training on the ISO 9001:2015 standard and "Risk analysis and management".

SPECIALIZED TRAINING

During the year, approximately 1,767 hours of specialized training were provided to employees, both in the classroom and digital mode. The topics addressed - related to the relevant working areas - concerned, for example: the use of information systems to support business processes; updates and focus on tax issues; focus on mobile technologies; obtaining technical certification; training on the site construction process.

LANGUAGE TRAINING

The online platform for the study of English for all employees was activated during the year.

INSTITUTIONAL TRAINING

During 2017, approximately 247 hours of institutional training were provided, mainly addressed to issues of health and safety in the workplace.

COMPENSATION

Remuneration policy is designed to help achieve business targets, promote the creation of value for shareholders, and constantly improve company performance INWIT intends to establish a remuneration system in keeping with the Parent Company's guidelines, and with the market's best practices, by strengthening the engagement of employees, and by acknowledging their vital role and professional contribution.
At the managerial level, action has been taken in regard to the short-term variable remuneration system reserved for all heads of recognized organizational units, on the basis of the economic/financial targets and quantitative targets set out in the Business Plan.
In support of the achievement of the key business targets - represented by a growth in revenue and the optimization of leasing costs - those resources operating throughout the country in regard to such processes have been the subject of canvassing operations.

HEALTH AND SAFETY PROTECTION

The Company considers the continuous improvement in its health and safety performance to be a key priority, and a factor of vital importance for the safeguarding of the health and safety of its own employees and of other workers.
In 2017, training continued on specific issues related to health and safety in the workplace. Formalization of the updating of the Risk Assessment Document, evaluation of work-related stress and formalization of a complex system of delegation for those with responsibility at the different levels of the organization continued.

PEOPLE CARING

INWIT has participated in the employee projects promoted by TIM for the benefit of all of the Group's companies, in the belief that economic and social sustainability depends first and foremost on the respect and care shown for those who work in the business..

The principal measures offered by INWIT during the course of 2017 were:

- crèches present in all Telecom branches and, subject to special agreement, also provided by outside providers;
- company loans;
- holidays for the children of employees;
- projects in the fields of sport, art, culture, entertainment and historical events.

OTHER MEASURES FOR THE BENEFIT OF EMPLOYEES

The ASSILT (Association for supplementary healthcare for TIM Group employees). financed by the Group's companies, by worker members and by pensioner members, continued to provide no-profit supplementary services to members and beneficiaries, in addition to those provided by the National Health Service. Such supplementary services include joint (with public healthcare facilities) healthcare studies, surveys and actions, both group and individual, together with the promotion of health education projects, aimed at safeguarding the physical well-being and health of members.

The ASSIDA reimburses executive managers for supplementary healthcare services (i.e. in addition to those provided by the National Health Service). .

TELEMACO is the National Supplementary Pension Fund for employees of companies in the telecommunications industry. It was established in 1998 in the form of a no-profit association, and has been operative since 2000; the aim is to guarantee member employees the same standard of living at the moment they retire, thanks to the creation of a supplementary pension scheme in addition to the State one.
It is designed for the white-collar and blue-collar workers, and the management, of those companies that apply the national collective employment contract for the telecommunications industry, for full-time workers, apprentices and workers entering the labor market, as well as those persons dependent on employees who pay in to the Fund.

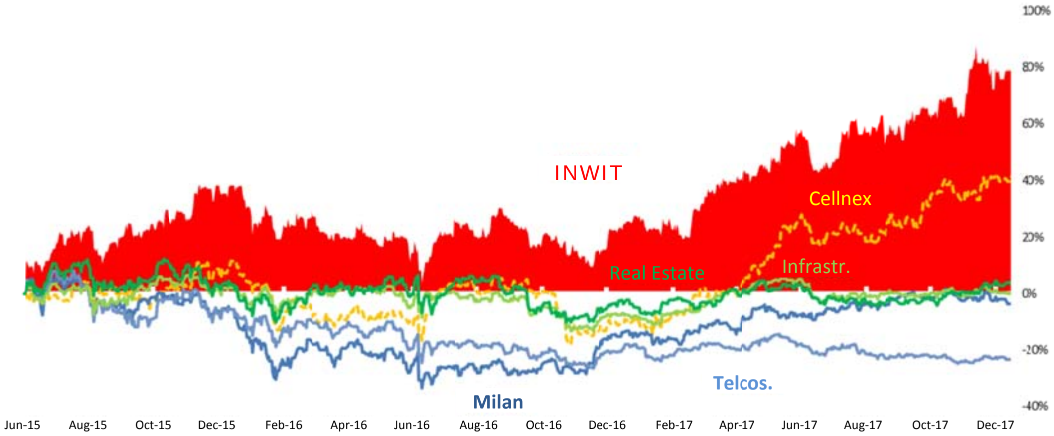
The CRALT (The TIM Group Employees' Social Club) organizes trips and holidays, together with sporting , cultural and recreational events, for the employees of Companies in the TIM Group. The CRALT also enables members and their families to purchase goods and services at discounted prices/tariffs, with the benefit of paying for such in installments, through the stipulation of special agreements with the suppliers of such goods and services. In this regard, of particular note is the convention regarding, and the corresponding contribution towards the cost of, the school and university text books of members' children, which constitutes a valuable aid to families' spending capacity.

SOLIDARITY

At Christmas time, INWIT made a donation to the Save the Children Fund.

INFORMATION FOR INVESTORS

Following completion of the Global Offering, on June 22, 2015, INWIT shares were listed on the MTA of Borsa Italiana at a price of 3.65 euro per share.
The following chart shows the performance of the stock in the period comprised between the start of trading and December 31, 2017.

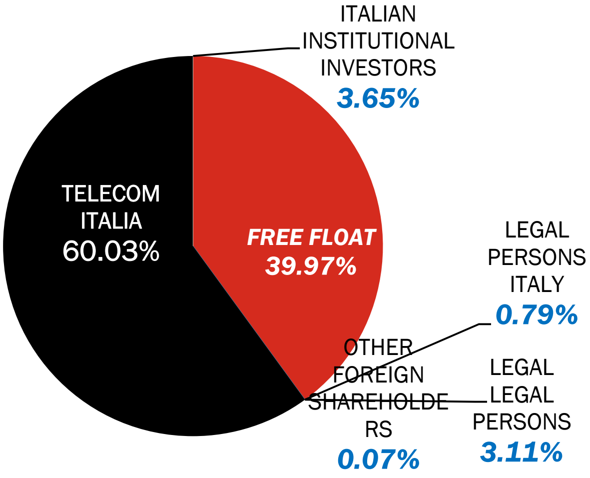


INWIT SHARE CAPITAL AT DECEMBER 31, 2017

Share capital	600,000,000 euro
Number of ordinary shares (without nominal value)	600,000,000
Market capitalization (based on average prices between 1/1/2017 and 31/12/2017)	3,109 million euros

SHAREHOLDERS

Shareholders' structure at December 31, 2017



TREASURY SHARES

The company does not hold treasury shares or shares of the parent, not did it purchase or sold them, either directly or through trust companies or third parties.

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the Board of Directors of INWIT resolved to adopt the opt-out regime provided by article 70 paragraph 8 and article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

Pursuant to Article 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning “transactions with related parties” and to the subsequent Consob Resolution no. 17389/2010, in 2017 there were no transactions of major significance, as defined by Article 4, paragraph 1(a) of the aforementioned regulation, or any other transactions with related parties, that had any significant impact on the Company's financial position or results for the financial year 2017.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company’s website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

The information on related parties required by Consob Communication DEM/6064293 of July 28, 2006 is presented in the financial statements and in the Note “Related Parties” to the individual Financial Statements at December 31, 2017.

ALTERNATIVE PERFORMANCE MEASURES

In this Management Report at December 31, 2017 of the INWIT Company, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the Company's trend of operations and financial condition. Such measures, which are also presented in other periodical financial reports (annual and interim) should, however, not be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- EBITDA: this financial indicator is used by the Company as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement to assess the Company's operating performance in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and Amortization
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- ***Net Financial Debt ESMA and Net Financial Debt INWIT***: the Net Financial Debt ESMA of the Company is calculated in accordance with the provisions of paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004, as shown below:

A. Cash
B. Other cash equivalents
C Securities held for trading
D Liquidity (A + B + C)
E. Current financial receivables
F Current financial payables
G Current portion of financial payables (medium/long-term)
H. Other current financial payables
I Current financial debt (F+G+H)
J Net current financial debt (I+D+E)
K Medium/long term financial payables
L Bonds issued
M Other non-current financial payables
N Non-Current financial debt (K+L+M)
O Net financial debt (J+N)

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as a financial indicator; it is defined as the ESMA net financial debt less receivables and non-current financial assets, where applicable.

ESMA net financial debt
Other financial receivables and non-current financial assets (*)
INWIT Net financial debt

(*) This accounting item refers to loans granted to certain employees of the company.

- Operating Free Cash Flow: calculated as follows:

EBITDA
Capital expenditure
EBITDA - Capex
Change in trade receivables
Change in trade payables (*)
Other changes in operating receivables/payables
Change in provisions for employee benefits
Change in operating provisions and Other changes
Change in net operating working capital:
Operating free cash flow

(*) Includes the change in trade payables for amounts due to fixed asset suppliers.

Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2017

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

Contents

INDIVIDUAL FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. AT DECEMBER 31, 2017

STATEMENTS OF FINANCIAL POSITION

Assets

(euros)	Notes	12.31.2017	*of which related parties*	12.31.2016	*of which related parties*
Assets					
Non-current assets					
Intangible assets					
Goodwill	4)	1,411,770,320		1,411,770,320	
Intangible assets with a finite useful life	5)	26,548,916		13,462,499	
Tangible assets					
Property, plant and equipment	6)	222,336,325		193,027,646	
Other non-current assets					
Non-current financial assets	7)	200,878		216,480	
Miscellaneous receivables and other non-current assets	8)	19,493,560		16,685,002	
Deferred tax assets	22)	2,798,307		1,230,684	
Total Non-current assets		**1,683,148,306**		**1,636,392,631**	
Current assets					
Trade and miscellaneous receivables and other current assets	8)	73,280,611	*20,912,000*	51,893,630	*3,721,000*
Financial receivables and other current financial assets	7)	69,688		88,859	
Income tax receivables		-		-	
Cash and cash equivalents	9)	54,360,006	*10,065,000*	85,598,979	*10,139,000*
Total Current assets		**127,710,305**		**137,581,468**	
Total Assets		**1,810,858,611**		**1,773,974,099**	

Equity and Liabilities

(euros)	Notes	12.31.2017	*of which related parties*	12.31.2016	*of which related parties*
Equity	10)				
Share capital		600,000,000		600,000,000	
Share premium reserve		660,000,000		660,000,000	
Legal reserve		120,000,000		120,000,000	
Other reserves		(37,603)		(90,962)	
Retained earnings (losses) including earnings (losses) for the period		142,698,232		104,157,459	
Total Equity		**1,522,660,629**		**1,484,066,497**	
Liabilities					
Non-current liabilities					
Employee benefits	11)	2,387,811		1,835,029	
Deferred tax liabilities		-		-	
Provisions for Risks and Charges	12)	97,268,838		95,190,596	
Non-current financial liabilities	13)	59,884,084		99,763,450	
Miscellaneous payables and other non-current liabilities	15)	2,426,158	*1,537,000*	1,600,690	*896,000*
Total Non-current liabilities		**161,966,891**		**198,389,765**	
Current liabilities					
Current financial liabilities	13)	40,178,370		20,232,594	*1,000*
Trade and miscellaneous payables and other current liabilities	15)	84,420,058	*56,937,000*	69,239,541	*52,077,000*
Income tax payables		1,632,663		2,045,702	
Total current Liabilities		**126,231,091**		**91,517,837**	
Total liabilities		**288,197,981**		**289,907,602**	
Total Equity and Liabilities		**1,810,858.611**		**1,773,974,099**	

SEPARATE INCOME STATEMENT

(euros)	Notes	**Financial Year 2017**	*of which related parties*	**Financial Year 2016**	*of which related parties*
Revenues	16)	356,595,997	*269,451,000*	333,508,046	*255,609,000*
Acquisition of goods and services	17)	(152,199,821)	*(30,384,000)*	(160,660,018)	*(34,531,000)*
Employee benefits expenses - Ordinary expenses	18)	(7,732,055)	*(1,222,000)*	(6,635,876)	*(1,129,000)*
Employee benefits expenses - Restructuring and rationalization expenses		(1,186,130)			
Other operating expenses	19)	(3,499,530)	*(114,000)*	(2,594,384)	*(28,000)*
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**191,978,461**		**163,617,768**	
Amortization, gains/losses on disposals and impairment losses on non-current assets	20)	(12,763,399)		(16,355,935)	
Operating profit (loss) (EBIT)		**179,215,062**		**147,261,833**	
Financial income	21)	301,216	*145,000*	27,099	
Financial expenses	21)	(4,009,849)		(3,573,626)	*(6,000)*
Profit (loss) before tax		**175,506,429**		**143,715,306**	
Income taxes	22)	(48,765,655)		(45,790,473)	
Profit for the period		**126,740,774**		**97,924,833**	
Basic and Diluted Earnings Per Share	23)	0.211		0.163	

STATEMENT OF COMPREHENSIVE INCOME

(euros)		Financial Year 2017	Financial Year 2016
Profit for the period	**(a)**	**126,740,774**	**97,924,833**
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Re-measurement of employee fixed benefit plans (IAS19):			
Actuarial gains (losses)		70,209	(178,479)
Net fiscal impact		(16,850)	42,835
Total other items that will not subsequently be reclassified in the Separate Income Statement	**(b)**	**53,359**	**(135,644)**
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items of the Statement of Comprehensive Income	**(d=b+c)**	**53,359**	**(135,644)**
Total Comprehensive income for the period	**(e=a+d)**	**126,794,133**	**97,789,189**

CHANGES IN NET EQUITY

Changes in net equity from January 1, 2016 to December 31, 2016

(euro)	*Notes*	Share capital	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2016	**10)**	**600,000,000**	**660,000,000**	**182,961,804**	**1,442,961,804**
Total Comprehensive income for the period		-	-	97,789,189	97,789,189
Dividends approved		-	-	(56,700,000)	(56,700,000)
Other changes		-	-	15,504	15,504
Values at December 31, 2016	**10)**	**600,000,000**	**660,000,000**	**224,066,497**	**1,484,066,497**

Changes in net equity from January 1, 2017 to December 31, 2017

(euro)	*Notes*	Share capital	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2017	**10)**	**600,000,000**	**660,000,000**	**224,066,497**	**1,484,066,497**
Total Comprehensive income for the period		-	-	126,794,133	126,794,133
Dividends approved		-	-	(88,200,000)	(88,200,000)
Other changes		-	-	-	-
Values at December 31, 2017	**10)**	**600,000,000**	**660,000,000**	**262,660,630**	**1,522,660,629**

CASH FLOW STATEMENT

(euro)		Financial Year 2017	Financial Year 2016
Cash flows from operating activities:			
Profit for the period		126,740,774	97,924,833
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		12,763,399	16,355,935
Net change in deferred tax assets and liabilities		(1,584,473)	(76,961)
Change in provisions for employee benefits		1,071,714	222,351
Change in trade receivables		(15,275,961)	1,682,745
Change in trade payables		13,656,313	8,641,454
Net change in miscellaneous receivables/payables and other assets/liabilities		(25,043,000)	(22,727,000)
Other non-monetary changes		2,020,554	2,392,972
Cash flows from operating activities	**(a)**	**114,349,320**	**104,416,329**
Cash flows from investing activities:			
Total purchase of intangible and tangible assets on an accrual basis (*)		(55,375,000)	(35,271,000)
Change in amounts due to fixed asset suppliers		19,649,000	7,362,000
Total purchase of intangible and tangible assets on a cash basis		(35,726,000)	(27,909,000)
Change in financial receivables and other financial assets		34,000	(201,448)
Acquisition of control in subsidiaries or other businesses, net of cash acquired		-	(5,939,000)
Deferred payment for acquisition of control in companies		(1,763,000)	-
Cash flows used in investing activities	**(b)**	**(37,455,000)**	**(34,049,448)**
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(19,933,292)	98,697
Dividends paid (*)		(88,200,000)	(56,700,000)
Cash flows used in financing activities	**(c)**	**(108,133,292)**	**(56,601,303)**
Aggregate cash flows	**(d=a+b+c)**	**(31,238,972)**	**13,765,578**
Net cash and cash equivalents at beginning of the period	**(e)**	**85,598,979**	**71,833,401**
Net cash and cash equivalents at end of the period	**(f=d+e)**	**54,360,006**	**85,598,979**

(*) of which related parties:

(euro)	Financial Year 2017	Financial Year 2016
Total purchase of intangible and tangible assets on an accrual basis	18,874,000	9,876,000
Dividends paid	52,949,400	34,038,900

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). To this end, it should be noted that the liabilities deriving from financing activities underwent only changes of a monetary nature during the 2017 financial year.

NOTE 1 - FORM, CONTENT, AND OTHER GENERAL INFORMATION

FORM AND CONTENT

The present Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. (hereinafter"**INWIT**", or the "**Company**") for the period from January 1, 2017 to December 31, 2017 (hereinafter the"**Financial Statements at December 31, 2017**") were drawn up on the assumption of corporate continuity (for further details, see Note 2 "Accounting Standards"), in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as the "**IFRS**") and with the legal and regulatory provisions in force in Italy (in particular, the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38 of February 28, 2005).

INWIT was incorporated on January 14, 2015, is controlled by TIM S.p.A. (hereinafter also"**TIM**" or the"**Parent Company**"), is domiciled in Italy, with registered office at Via Giorgio Vasari 19, Milan, and is organized in accordance with the laws of the Italian Republic.

The figures at December 31, 2017 are compared with the figures from the statement of financial position at December 31, 2016; The figures from the separate income statement and from the statement of comprehensive income are compared with the figures for the corresponding periods of the previous financial year. The financial reports and the reports on changes in net equity are compared with those for the corresponding periods of the previous financial year.

The Company's financial year-end is December 31.

The Financial Statements at December 31, 2017 were prepared in accordance with the general cost principle, except for the initial entering of financial assets and liabilities for which the application of the fair value principle is compulsory; also, they were prepared in thousands of Euro. The values expressed in the notes to these financial statements are expressed in thousands of Euro, unless otherwise indicated.

Publication of the Financial Statements at December 31, 2017 was approved by the Board of Directors' meeting on March 2, 2018.

STRUCTURE OF THE FINANCIAL STATEMENTS

The structure of the Financial Statements is in keeping with that provided for by IAS 1; Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" principle;
- the separate Income Statement has been prepared by classifying operating costs according to their nature, in that this method of reporting is deemed better capable of representing the Company's specific business, complies with internal reporting methods, and is in line with practices in the industrial sector in question.
  The Income Statement includes, in addition to EBIT (Operating Earnings), the alternative performance indicator called EBITDA (operating earnings before amortization, depreciation, gains/(losses), and Impairment reversals (losses) on non-current assets).
  Specifically, the Company utilizes EBITDA, in addition to EBIT, as a financial target in internal presentations (business plans) and external presentations (to analysts and investors); the indicator represents a useful unit of measurement for the evaluation of INWIT's operating performance.
  EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
+/-	Expenses (income) from investments
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and Amortization
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the Statement of Comprehensive Income includes, besides the earnings (losses) for the period, as per the separate income statement, the other changes in Net Equity other than those connected to transactions with Shareholders;
- the statement of Cash Flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7 (Statement of financial position).

Furthermore, as required by CONSOB resolution no. 15519 of July 27, 2006, in the case of the separate income statement, income and expenses deriving from transactions which by their very nature do not regularly occur during normal business transactions (non-recurring transactions), are specifically identified and the corresponding effects on the main interim results are reported separately when of a significant entity. Specifically, non-recurrent expenses/income include, for example: income/expenses deriving from the sale of properties, plants and machinery, business units and shareholdings; expenses deriving from corporate reorganization and rationalization processes/projects, including those connected to corporate transactions (mergers, demergers, etc.); expenses resulting from litigation and regulatory penalties, and to related liabilities; other provisions for risks and charges, and the corresponding write-offs; expenses for the settlement of disputes; impairment losses on goodwill and/or other intangible and tangible assets.

In regard, once again, to the aforementioned CONSOB resolution, the amounts of positions or transactions with related parties have been reported separately.

SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed periodically by the top operating level of the entity (the Board of Directors for INWIT) in order to adopt decisions concerning the resources to be allocated and to assess the results; and
- for which discrete financial information is available.

The Company has identified only one operating segment (which also represents the level at which the goodwill is monitored by management and will be tested for impairment). Specifically, the management information note prepared and made available to the Board of Directors for the aforementioned purposes considers the business activity carried out by INWIT as a distinct entity; therefore, no information by segment is presented in the financial statements. The geographical area coincides almost entirely with the territory of Italy.

NOTE 2 - ACCOUNTING POLICES

The main accounting policies and the most significant valuation criteria utilized to write these financial statements are described briefly hereafter.

GOING CONCERN

The Financial Statements at December 31, 2017 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

INTANGIBLE ASSETS

Intangible assets are constituted by identifiable non-monetary items devoid of physical being, that are controllable and are designed to produce future economic benefits. Such items are initially reported at purchase and/or production cost, inclusive of those directly attributable costs incurred in preparing the asset for use. Any financial costs directly imputable to the acquisition, construction or production of an intangible asset requiring a prolonged period of time before it is ready for its intended use, or for sale, must be capitalized. Specifically, within the Company the following intangible assets may be identified:

Goodwill

Pursuant to IFRS 3 (Business Combinations), goodwill is recognized in the separate financial statements at the acquisition date (also through merger or contribution) of companies or business units and is determined as the difference between the consideration paid (measured according to IFRS 3 which is generally determined on the basis of fair value at the acquisition date) and the fair value at the acquisition date of identifiable assets acquired net of identifiable liabilities assumed.
Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life, while any "gain deriving from a purchase at favorable prices (or negative goodwill)" is recorded in the separate income statement.

Intangible assets with a finite useful life

Intangible assets with a limited life, acquired or produced internally, are recorded as assets, in accordance with the provisions of IAS 38 (*Intangible Assets*), when it is likely that the use of the asset in question will generate future economic benefits, and when the cost of the asset may be calculated in a reliable way.
These assets are recorded at purchase or production cost, and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.

TANGIBLE ASSETS

Owned property, plant and equipment are recorded at the cost of purchase or production. Those costs borne subsequent to purchase, are only capitalized if they result in an increase in the future economic benefits inherent in the good to which they refer. All other costs are posted in the separate income statement as they arise.
The cost of assets also includes the costs of disposal of the asset and of the restoration of the site when there is a legal or implied obligation to do so. The corresponding liability is recognized in a provision recognized under liabilities for risks and charges at current value; the imputation to the separate income statement of the capitalized charge, takes place during the course of the useful life of the corresponding tangible assets, by means of the amortization of such assets.
The redetermination of the estimates of demolition costs, of time-discounting rates, and of the dates on which these costs are expected to be borne, is carried out annually at each balance sheet date. The variations in the aforementioned liabilities must be recognized as an increase or a reduction in the cost of the corresponding asset; the amount deducted from the value of an asset must not exceed the book value of that asset. Any excess is immediately recorded in the separate income statement, by agreement, under Depreciation and Amortization.
Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.
Land, including that related to buildings, is not depreciated.

REDUCTION IN THE VALUE OF INTANGIBLE AND TANGIBLE ASSETS

Goodwill

As previously indicated, goodwill is subject to an *Impairment Test* yearly, or more frequently if there are signs that the value of said goodwill may have fallen. The *Impairment Test* is conducted in regard to each unit generating cash flows ("***Cash Generating Units***", "**CGU**") to which goodwill has been assigned. Any reduction in the value of goodwill is recorded if the recoverable value of such is lower than its book value. Recoverable value means the greater of the following two amounts: the *fair value* of the CGU, net of disposal costs, and the corresponding use value, meaning the current value of the estimated cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the event that the reduction in value resulting from the *impairment test* is greater than the goodwill value allocated to the CGU, the remaining excess shall be allocated to the assets comprising the CGU in proportion to their book value. The minimum amount of said allocation shall be the highest of the following:

- the fair value of the asset net of selling costs;
- the use value as defined above;
- zero.

the original value of goodwill cannot be restored if the grounds for its reduction no longer exist.

Tangible and intangible assets with a finite useful life

At each reporting date, a test is carried out to ascertain whether there are any signs that the value of the tangible and intangible assets with a finite useful life has declined. To this end, both internal and external sources of information are taken into consideration. As regards the former (internal sources), the following factors are considered: the obsolescence or wear and tear of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. As regards external sources, the following factors are considered: the market price trend of the assets, any technological, market or regulatory changes, market interest rate trends or trends in the cost of capital used to appraise investments.

Should the presence of such indicators be identified, the recoverable value of the aforesaid assets shall be estimated, and any depreciation compared to their book value shall be entered in the income statement. The recoverable value of an asset is represented by the greater of the following two amounts: its fair value, net of ancillary costs of sale, and the corresponding use value, meaning the current value of the estimated future cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the case of an asset that does not generate separate cash flows, the recoverable value is calculated in relation to the *Cash Generating Unit* to which said asset belongs.

A loss in value is recorded in the income statement if the book value of the asset, or of the corresponding CGU to which the asset is allocated, is greater than its recoverable value. Reductions in the value of a CGU are imputed, firstly, to a reduction in the book value of any goodwill assigned to said CGU, and thus to the reduction in the value of the other assets, in proportion to their book value and within the limits of the corresponding recoverable value. If the grounds for a previous write-down no longer exist, then the book value of the asset is restored, and this is recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been performed, and the corresponding amortization had been carried out.

FINANCIAL INSTRUMENTS

Receivables and loans

The receivables and loans included among both the current assets and the non-current assets are initially recorded at *fair value* and subsequently valued at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are recorded at either book value or at amortized cost, depending on their nature. Cash and cash equivalents represent short-term, highly liquid financial assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, the original maturity of which, at the time they were acquired, is no more than 3 months.

Change in the value of financial assets

At each reporting date, tests are carried out to ascertain whether there is any objective evidence that the value of a financial asset or group of assets has declined. If objective evidence of such exists, the reduction in value is recorded in the separate income statement for financial assets valued at cost or amortized cost.

Financial liabilities

Financial liabilities include financial debts and other financial liabilities. Pursuant to IAS 39, they also include trade debts and other debts of various kinds. Financial liabilities are initially recorded at *fair value* and are subsequently recorded at amortized cost.

EMPLOYEE BENEFITS

Provision for employee severance indemnities (TFR - *Fondo per il Trattamento di Fine Rapporto*)

the provision for severance indemnities due to employees under Article 2120 of the Italian Civil Code ("**TFR**"), falls within the so-called employee fixed benefit plans. In such plans, the amount of the benefit to be paid to the employee can only be quantified after termination of that employee's employment, and is linked to one or more factors, such as age, years of service and salary; thus the corresponding charge is determined by means of an actuarial calculation. The liability recorded in the financial statements for fixed benefit plans corresponds to the current value of the liability at the date of the financial statements. Liabilities for fixed benefit plans are calculated annually by an independent actuary, using the *projected unit credit method*. Actuarial gains and losses deriving from changes in the actuarial assumptions, are imputed to the statement of comprehensive income.

As of January 1, 2007 , the 2007 Finance Act and the corresponding implementing decrees, have introduced important changes to the way TFR is regulated, including the employee's choice of use of his/her own TFR as it falls due. Specifically, the new flows of TFR may be directed by the employee toward selected forms of pension plan, or may be kept in the company. In the event that the employee decides to assign TFR to independent pension schemes, the company is only bound to make a contribution to the chosen pension fund, and starting from that date, the newly matured quotas shall take the form of fixed contribution plans not subject to actuarial assessment.

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

Employee stock option plans are recorded in accordance with IFRS 2 (Share-based payments). The value of the bonus shares that are to be assigned to those employees participating in the stock option plan is recorded in the separate income statement, with a net equity provision as an offsetting entry.

PROVISIONS FOR RISKS AND CHARGES

The Company records provisions for risks and charges when, in the presence of a current liability, either legal or implied, to third parties as the result of a past event, it is probable that funds will have to be used to meet the liability, and a reliable estimate of the entity of the liability itself will be called for when possible.

When the financial effect of the passing of time is significant, the payment dates of the liabilities are reliably estimable, the allocation is determined by time-discounting the expected cash flows calculated bearing in mind the risks associated with the liability; the increase in the provision related to the passage of time is reported in the separate income statement under "Financial charges".

REVENUES

Revenues represent the gross flows of economic benefits for the financial period, deriving from ordinary operations. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes, are not economic benefits enjoyed by the Company, and do not result in an increase in net equity. For this reason they are not included in Revenues. Revenues are only recorded when it is likely that the Company will receive economic benefits, and the entity of such benefits can be reliably calculated; they are represented net of discounts, allowances and returns.
In those cases when the Company acts as agent, or when the risks and benefits of a transaction are essentially borne by a third party, the revenues are recorded net of the corresponding share collected on behalf of the third party.

RECOGNITION OF COSTS

Costs are recorded in the income statement on an accrual basis.

The rental installments relating to operating leasing agreements, or those leases where the lessor essentially bears all the risks and receives all the benefits associated with ownership of the property, are recorded in the separate income statement on a straight-line basis during the years of the leasing agreement's duration.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method.

TAXES

Income taxes include the taxes calculated on the Company's taxable income. Deferred taxes are recorded according to the (*balance sheet liability method*). They are calculated on all temporary differences that emerge between the tax base of assets and liabilities, and the corresponding book values recorded in the individual financial statements. Deferred tax assets resulting from unused tax losses that may be carried over, are recorded insofar as future taxable income is foreseeable against which such losses may be recovered. Tax assets and liabilities are offset separately for current taxes and deferred taxes, when incomes taxes are levied by the same tax authority, and there is legal entitlement to offsetting. Deferred tax assets and liabilities are calculated by adopting the tax rates that are foreseen to be applicable in the financial years in which the temporary differences cancel each other out.
The other taxes unrelated to income are included under "Other operating costs".

USE OF ACCOUNTING ESTIMATES

The preparation of the separate financial statements and related notes, in accordance with the IFRS, requires company management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could thus differ, even significantly, from such estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates, entailing a considerable use of subjective views and assumptions, are set out below.

Financial statement area	**Accounting estimates**
Reduction in value of goodwill	Verification of the reduction in value of goodwill is performed by comparing the book value of the cash generating units and their recoverable value; the later value is represented by the greater of fair value less sale costs, and the use value of the same unit. This complex evaluation process implies, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimate of cash flows. The recoverable value depends significantly on the discount rate used in the time-discounted cash flows model, on the expected future cash flows, and on the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the various cash-generating units, including a sensitivity analysis, are detailed in the Note "Goodwill".
Reduction in the value of intangible and tangible assets with finite useful life	At each balance sheet date, the company checks whether there are indications that both tangible and intangible assets with a finite useful life may have suffered impairment. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset requires the Company's Management to make significant estimates and assumptions concerning the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the fair value of the assets and on the amount of any write-downs.
Capitalization / deferral of costs	The process of capitalization / deferral of internal and external costs is characterized by certain estimation / evaluation elements; in particular, the evaluation of: i) probability that the amount of capitalized costs will be recovered through the related future revenues; and ii) effective increase in future economic benefits inherent in the asset to which they refer.
Bad debt provision	The recoverability of receivables is assessed taking into account the risk of their non-collection, their age and losses on receivables recorded in the past for similar types of receivables.
Depreciation and Amortization	Changes in the economic conditions of the markets, technology and the competitive scenario could significantly affect the useful life of non-current tangible and intangible assets and may result in a difference in the timing of the amortization process and therefore in the amount of depreciation costs.
Appropriations, potential liabilities and employee provisions	As far as regards provisions related to the fund for recovery costs, the estimate of the future cost of dismantling the asset and restoring the Site, is a complex process requiring the evaluation of the liabilities deriving from dismantling and restoration obligations that are often not fully specified by law, administrative regulations or contractual clauses, and that in general are to be met over the course of several years. Provisions for judicial, arbitration and tax litigation are the result of a complex estimation process based on the probabilities of losing the cases in question. Allocations related to employee provisions, and in particular the provision for employee severance indemnities, are determined on the basis of actuarial assumptions changes in the aforesaid actuarial assumptions could have significant effects on these provisions.
Revenues	The recognition of revenues is influenced by specific contractual provisions with customers for the correct measurement of the items.
Income taxes (current and deferred)	Income taxes (current and deferred) are determined according to a prudent interpretation of the tax regulations in force. This process sometimes involves complex estimates in determining taxable income and temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recognized insofar as future taxable income is foreseeable against which such losses may be recovered. The assessment of the recoverability of deferred tax assets, recognized in relation both to tax losses that may be used in subsequent years and to temporary deductible differences, takes into account the estimate of future taxable income and is based on prudent tax planning.

NEW STANDARDS AND INTERPRETATIONS INCORPORATED BY THE EU AND IN EFFECT SINCE DECEMBER 31, 2017

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in effect since December 31, 2017 are indicated and briefly described hereafter.

Amendments to IAS 12 (*Income tax expense*) – Recognition of deferred tax assets for unrealized losses

On November 6, 2017, Regulation EU no. 2017/1989 was issued which implemented at the EU level certain amendments to IAS 12 (Income Taxes) to clarify the recognition of deferred tax assets on unrealized losses related to debt instruments measured at fair value.
The adoption of these amendments had no impact on the separate financial statements of TIM S.p.A. at December 31, 2017.

Amendments to IAS 7 (*Statement of cash flow*) - Disclosure Initiative

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). These amendments are intended to provide supplementary information to users of the financial statements to assess the changes (cash flows and non-cash flows) of liabilities deriving from financing activities, highlighting the reconciliation between the opening and closing balance of said liabilities:

- changes in cash flows from loans;
- changes deriving from the acquisition or loss of control of business units;
- changes in fair value; and
- other changes.

The adoption of these amendments had no significant impact on the separate financial statements at December 31, 2017.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of these financial statements, the following Standards/Interpretations have been issued by the IASB but are still not applicable.

	Mandatory application starting from
New Standards/Interpretations incorporated by the EU	
IFRS 15 *(Revenue from contracts with customers)*	1/1/2018
Clarifications to IFRS 15 *(Revenue from contracts with customers)*	1/1/2018
IFRS 9 (*Financial Instruments*)	1/1/2018
IFRS 16 (Leasing)	1/1/2019
Improvements to the IFRS (2014-2016 cycle) - Amendments to IAS 28	1/1/2018
Amendments to IFRS 2 (Classification and measurement of share-based payments)	1/1/2018
New Standards/Interpretations not yet incorporated by the EU	
IFRIC 22 (Transactions in foreign currency with advance payment / deposit received)	1/1/2018
Amendments to IAS 40 (*Real-Estate Investments*)	1/1/2018
IFRIC 23 – Uncertainty on the treatment of income taxes	1/1/2019
Amendments to IFRS 9: items with prepayment and with negative compensation	1/1/2019
Amendments to IAS 28: Long-term interests in investments in associates and joint ventures	1/1/2019
Improvements to the IFRS (2015–2017 cycle)	1/1/2019
IFRS 17: Insurance contracts	1/1/2021

The main changes that will be introduced starting from the 2018 financial year concern:

IFRS 15 (*Revenue from contracts with customers*)

On September 22, 2016 Regulation EU no. 2016/1905 was issued which implemented IFRS 15 at the EU level (Revenues from contracts with customers) and related amendments. Furthermore, on October 31, 2017 Regulation EU no. 2017/1987 was issued which implemented the *Clarifications to IFRS 15*.
IFRS 15 will replace the standards that, currently, regulate the recognition of revenues, i.e. IAS 18 (*Revenues*), IAS 11 (*Contract work in progress*) and the related interpretations on the recognition of revenues (IFRIC 13 *Customer loyalty programs*, IFRIC 15 *Agreements for the construction of buildings*, IFRIC 18 *Sales of assets by customers* and SIC 31 *Revenues - Barter transactions including advertising activities*).

On the basis of the analyzes carried out and taking into account the type of contracts in place with customers, no significant impacts are expected on the INWIT financial statements deriving from the application of IFRS 15.

IFRS 9 (*Financial Instruments*)

On November 22, 2016 Regulation EU no. 2016/2067 was issued which implemented IFRS 9 *(Financial Instruments)* at the EU level, which deals with the classification, measurement and cancellation of financial assets and liabilities, the reduction in value of financial instruments and the accounting of hedging transactions. In particular, the areas subject to impact of the new standard include the adoption of the expected credit loss model for the impairment of financial assets and in particular of trade receivables in place of the incurred loss model envisaged by IAS 39.
IFRS 9 is effective from January 1, 2018.

On the basis of the analyzes carried out and taking into account the type of financial instruments (including trade receivables) held by the Company and the related credit risk, no significant impacts are expected on the INWIT financial statements deriving from the application of IFRS 9.

The main change that will be introduced starting from the year following 2018 concerns:

IFRS 16 (Leases)

On October 31, 2017, Regulation EU no. 2017/1986 was issued which implemented IFRS 16 (*Leases*) at the EU level. IFRS 16 replaces IAS 17 (*Leases*) and the corresponding interpretations (IFRIC 4 *Determining whether an arrangement contains a lease*; SIC 15 *Operating Leases—Incentives*; SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*).

IFRS 16 shall apply retrospectively on January 1, 2019, through the adoption of one of the following methods:

- the "*full retrospective method*", entailing the restatement of comparative reporting periods;
- the "*simplified retrospective method*" involving the recording of the cumulative effect of initial application of the principle to the adjustment of net equity at the start of the year in which the principle is adopted, thus without restating the comparative reporting periods.

While early application is permitted, INWIT intends to apply IFRS 16 as from January 1, 2019.

IFRS 16, from the lessor's point of view, for all leases with lessors (with no distinction made between operating leases and financial leases), provides for the recording of a liability in the statement of financial position, represented by the current value of future rents, against the recording, among the assets, of the "right of use of the leased asset".

The main impacts on INWIT's financial statements can be summarized as follows:

- Statements of Financial Position: greater non-current assets, as a result of the recording of the "right of use of the leased asset" offsetting greater financial debts;
- Separate Income Statement: different nature, qualification and classification of expenses (amortization of the "right of use of the asset" and "financial charges for interest" with respect to "Costs for use of third party assets - operating lease payments", as per IAS 17) with consequent positive impact on gross operating profitability. The combination of the straight-line amortization of "right of use of asset" and the effective interest rate method applied to lease-related debts, could entail, compared to IAS 17, higher costs in the income statement during the early years of the lease contract, and falling costs during the later years thereof.

The impact on INWIT's financial statements deriving from IFRS 16 is still under evaluation and therefore a reliable estimate of the quantitative effects will only be possible upon completion of the project.

With regard to the other standards and interpretations, as well as the other amendments to the existing standards indicated in the previous table, no significant impacts are expected on INWIT's financial statements.

NOTE 3 - FINANCIAL RISK MANAGEMENT

During its everyday operations, the Company may be exposed to the following financial risks:

- market risk: deriving from exposure to the fluctuation of rates, linked to the financial assets generated and to the financial liabilities assumed;
- credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the Company's liquidity investments;
- liquidity risk: connected with the need to meet short-term financial commitments.

MARKET RISK

The market risk consists in the possibility that changes of the interest and exchange rates or of the rating of the counterparts with which liquidity is utilized, could impact negatively on the value of the assets, liabilities, or expected cash flows.

Interest rate risk

At December 31, 2017, the Company's financial debts basically coincided with the loan agreement stipulated with Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.. As described in detail in the subsequent Note "Financial liabilities (current and non-current), this financial debt accrues interest at a fixed rate of 1.243% per annum.

The Company does not have, nor does it need, derivative contracts to mitigate the risk arising from interest rate fluctuations.

Exchange rate risk

The Company operates exclusively in Euros; therefore, it is not exposed to exchange rate risk.

CREDIT RISK

The Company's exposure to credit risk consists of the potential losses that could derive from the failure of the counterparts, both commercial and financial, to fulfill the obligations undertaken. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The maximum theoretical exposure of the Company to credit risk is the book value of the financial assets and trade receivables recorded in the financial statements.

The Company's main customer is TIM, which, during the reference period of these individual financial statements, generated revenues of 268,362 euro (equal to 75.26% of total revenues at December 31, 2017). The other customers of the Company are the leading national mobile operators (Vodafone, Wind, and H3G) with which the Company has entered into multi-year contracts to provide hosting services.

Therefore, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its commercial counterparts are not capable or able to meet their obligations. The possible default by one of its commercial counterparts could involve negative effects on the income, balance sheet, and financial situation of the Company. With regard to counterparty risk, formalized procedures to valuate and assess the reliability of commercial partners are adopted to manage the credit.

LIQUIDITY RISK

In order to meet its liquidity requirements, on May 8, 2015, the Company finalized a Loan Agreement with Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A., and UniCredit S.p.A. which includes, among other things, a revolving credit facility that can be utilized in several tranches up to 40 million euro, available until May 8, 2020, to be utilized to support the working capital and for general cash needs. At December 31, 2017, this line of credit, described in detail in the subsequent Note “Financial liabilities (non-current and current)”, had not been utilized and was thus fully available.

ASSETS AND LIABILITIES BY CATEGORY

For the purpose of providing comparative information between the carrying amounts and the fair value of financial instruments, as required by IFRS 7, the following assumptions were made in determining fair value:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade payables and receivables and for current financial assets and liabilities, it is believed that their book value is a reasonable approximation of their fair value.

The table below shows the assets and liabilities at December 31, 2017 on the basis of the categories provided for by IAS 39.

Carrying amount for each IAS 39 class of financial asset/liability at December 31, 2017

(thousands of euro)	*Notes*	**12.31.2017**	**Amounts recognized in the financial statements according to IAS 39**			
			Amortized cost	*Cost*	*Fair value recognized in equity*	*Fair value recognized in the income statement*
ASSETS						
Non-current assets						
Non-current financial assets	7)					
of which loans and receivables		201	*201*			
	(a)	**201**	***201***			
Current assets						
Trade and miscellaneous receivables and other current assets	8)					
of which loans and receivables		41,261	*41,261*			
Financial receivables and other current financial assets	7)					
of which loans and receivables		70	*70*			
Cash and cash equivalents	9)	54,360	*54,360*			
	(b)	**95,691**	***95,691***			
Total	**(a+b)**	**95,892**	***95,892***			
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities	13)					
of which liabilities at amortized cost		59,884	*59,884*			
	(c)	**59,884**	***59,884***			
Current liabilities						
Current financial liabilities	13)					
of which liabilities at amortized cost		40,178	*40,178*			
Trade and miscellaneous payables and other current liabilities	15)					
of which liabilities at amortized cost		67,422	*67,422*			
	(d)	**107,600**	***107,600***			
Total	**(c+d)**	**167,484**	***167,484***			

NOTE 4 – GOODWILL

At December 31, 2017 goodwill amounted to 1,411,770 thousand euros, unchanged compared to December 31, 2016 (generated for the amount of 1,404,000 thousand euros at the time of the transfer of the business unit from TIM S.p.A. to Inwit S.p.A in 2015, the remaining amount of 7,770 deriving from the business combination resulting from the acquisition of the companies Revi Immobiliare S.r.l., Gestione Due S.r.l. and Gestione Immobili S.r.l. during 2016)

(thousands of euro)	12.31.2015	Mergers	Other changes	12.31.2016
Goodwill	1,404,000	7,770	-	1,411,770
Total	**1,404,000**	**7,770**	**-**	**1,411,770**

(thousands of euro)	12.31.2016	Mergers	Other changes	12.31.2017
Goodwill	1,411,770	-	-	1,411,770
Total	**1,411,770**	**-**	**-**	**1,411,770**

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least annually or more frequently if specific events or circumstances arise leading to the presumption of such impairment.

For the purposes of the impairment test, goodwill is allocated to CGUs, or groups of CGUs, in accordance with the upper merger threshold, which may not exceed the business sector identified for the purposes of IFRS 8. Goodwill is allocated to the Integrated Management of the Sites, which is the main sector of activity in which the Company operates and is considered the minimum level at which goodwill is monitored for internal control purposes.
The impairment test consists of comparing the recoverable value of the Cash Generating Units - CGU to which the goodwill has been allocated, with the carrying amount of their operating assets including goodwill. The recoverable value is the greater of the following: the use value (current value of expected earnings) and the fair value less costs of disposal.

The configuration of the value used to determine the recoverable value is the fair value less costs of disposal and is based on the stock market capitalization of the Company, appropriately adjusted to determine the fair value of the CGU to which the goodwill is allocated. The impairment test conducted on December 31, 2017, failed to reveal any impairment loss, since the recoverable value of the CGU was much greater than its book value.

The difference between the fair value and the corresponding net book value at December 31, 2017, is as follows:

(millions of euro)	**Infrastrutture Italiane S.p.A**
Difference between use values and book values	+2.197

With regard to the results of the sensitivity analyses, the variation required in order to render the recoverable value equal to the book value, is -59.0% of the share's value, that is, € 2,54 per ordinary share.

NOTE 5 – INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Compared to December 31, 2016, these have increased in value by 13,085 thousand euro, and are characterized by the following composition and variation:

(thousands of euro)	12.31.2015	Mergers	Additions	Disposals	Depreciation and Amortization	Other changes	12.31.2016
Patent rights and utilization of intellectual property	1,533	-	938	-	(896)	218	1,793
Other intangible assets	1,042	4	7,743	(55)	(172)	244	8,806
Intangible assets under development and advances	1,436	-	1,591	-	-	(163)	2,864
Total	**4,011**	**4**	**10,272**	**(55)**	**(1,068)**	**299**	**13,463**

(thousands of euro)	12.31.2016	Mergers	Additions	Disposals	Depreciation and Amortization	Other changes	12.31.2017
Patent rights and utilization of intellectual property	1,793	-	284	-	(1,227)	408	1,258
Other intangible assets	8,806	-	7,981	-	(577)	1,400	17,610
Irrevocable rights of use	-		572	-	(6)		566
Intangible assets under development and advances	2,864	-	6,034	-	-	(1,784)	7,114
Total	**13,463**	**-**	**14,871**	**-**	**(1,810)**	**24**	**26,548**

Investments for the period of 14,871 thousand euros mainly refer to the purchase of land usage rights (12,879 thousand euros).

NOTE 6 – TANGIBLE ASSETS

Compared to December 31, 2016, these have increased in value by 29,309 thousand euros, and are characterized by the following composition and variation:

(thousands of euro)	12.31.2015	Mergers	Additions	Disposals	Depreciation and Amortization	Impairment losses	Other changes	12.31.2016
Land	1,518	59	7,764	-	-	-	1,594	10,935
Plant and equipment	181,691	233	5,174	(2,782)	(12,478)	(105)	(2,992)	168,741
Manufacturing and distribution equipment	-	-	17	-	-	-	-	17
Other goods	11	-	602	-	(16)		1	598
Construction in progress and advance payments	3,187	-	11,442	-	-	-	(1,892)	12,737
Total	**186,407**	**292**	**24,999**	**(2,782)**	**(12,494)**	**(105)**	**(3,289)**	**193,028**

(thousands of euro)	12.31.2016	Mergers	Additions	Disposals	Depreciation and Amortization	Impairment losses	Other changes	12.31.2017
Land	10,935	-	5,041	-	-	-	2,904	18,880
Plant and equipment	168,741	-	15,049	(350)	(10,567)	-	(843)	172,030
Manufacturing and distribution equipment	17	-	8	-	(4)	-	-	21
Other goods	598	-	9	-	(120)		-	487
Construction in progress and advance payments	12,737	-	20,397	-	-	-	(2,215)	30,919
Total	**193,028**	**-**	**40,504**	**(350)**	**(10,691)**	**-**	**(154)**	**222,337**

Investments made in the reporting period, amounting to 40,504 thousand euros, mainly refer to the purchase of land for 7,411 thousand euros, to the development of new sites for 12,168 thousand euros, to extraordinary maintenance of sites for 4,664 thousand euros, and to the development of Small Cells for 11,799 thousand euros.

During the period disposals of Sites amounted to 350 thousand euro.

The other changes include mainly the reclassification to the item "Land" of the advances paid in the previous periods, once the property transfer was completed.

The gross value and the accumulated depreciation at December 31, 2016 and at December 31, 2017, are detailed as follows:

(thousands of euro)	Gross Value at 12.31.2016	Accumulated impairment losses	Depreciation Provision	Net Value at 12.31.2016
Land	10,935	-	-	10,935
Plant and equipment	1,006,816	(687)	(837,387)	168,741
Manufacturing and distribution equipment	17	-	-	17
Other goods	647	-	(49)	598
Construction in progress and advance payments	12,737	-	-	12,737
Total	**1,031,152**	**(687)**	**(837,437)**	**193,028**

(thousands of euro)	Gross Value at 12.31.2017	Accumulated impairment losses	Depreciation Provision	Net Value at 12.31.2017
Land	18,880	-	-	18,880
Plant and equipment	1,007,845	(601)	(835,214)	172,030
Manufacturing and distribution equipment	25	-	(4)	21
Other goods	656	-	(169)	487
Construction in progress and advance payments	30,919	-	-	30,919
Total	**1,058,325**	**(601)**	**(835,387)**	**222,337**

The property, plant, and equipment are not subject to liens, mortgages, or other charges.

NOTE 7 – FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

The item is detailed in the following table:

(thousands of euro)		12.31.2017	12.31.2016
Financial receivables (medium/long-term):			
Multi-year loans to employees		201	216
Total non-current financial assets	**(a)**	**201**	**216**
Financial receivables (short-term):			
Multi-year loans to employees		70	89
Total current financial assets	**(b)**	**70**	**89**
Total financial assets	**(a+b)**	**271**	**305**

Medium/long-term and short-term financial assets refer to the residual amount due on loans granted to employees.

NOTE 8 – TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER ASSETS (NON CURRENT AND CURRENT)

The item "Trade and miscellaneous receivables and other current and non-current assets” is detailed in the following table:

(thousands of euro)		12.31.2016	*of which IAS 39 Financial Instruments*	Other changes during the period	12.31.2017	*of which IAS 39 financial instruments*
Miscellaneous receivables and other non-current assets						
Prepaid expenses		16,685	-	2,809	19,494	-
	(a)	**16,685**	-	**2,809**	**19,494**	-
Trade receivables						
Receivables from customers		22,632	*22,632*	3,679	26,311	*26,311*
Receivables from the Parent Company		3,353	*3,353*	11,597	14,950	*14,950*
	(b)	**25,985**	***25,985***	**15,276**	**41,261**	***41,261***
Miscellaneous receivables and other current assets						
Other receivables		3,554	-	(936)	2,618	-
Receivables and Prepaid Expenses from the Parent Company		-	-	5,821	5,821	-
Prepaid expenses		22,354	-	1,226	23,580	-
	(c)	**25,908**	-	**6,111**	**32,019**	-
Total	**(a+b+c)**	**68,578**	***25,985***	**24,196**	**92,774**	***41,261***

Receivables from customers relate to hosting services.

Receivables from Parent Company mainly refer to the recovery of costs for services provided.

Non-current and current prepaid expenses refer to rents paid in advance for the lease of land and buildings on /in which the Passive Infrastructures are located. The long-term portion of these prepaid expenses is recorded as "Miscellaneous receivables and other non-current assets".

The book value of trade and miscellaneous receivables and other current and non-current assets is considered a reasonable approximation of their respective fair value.

NOTE 9 – CASH AND CASH EQUIVALENTS

At December 31, 2017, this item amounted to 54,360 thousand euros, and was composed as follows:

(thousands of euro)	12.31.2017	12.31.2016
Cash equivalents held at banks, post offices and TIM Group financial companies.	44,457	74,909
Receivables from the Parent Company	8,565	10,139
Cheques and cash on hand	1,338	551
Total	**54,360**	**85,599**

At December 31, 2017, cash is held in bank and postal current accounts, and in bank deposit accounts, with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments were made with major *investment grade* banks and with the Parent Company, employing no more than 20% of total liquidity;
- Country risk: investments were made in Italy and the UK.

NOTE 10 - EQUITY

At December 31, 2017, net equity amounted to 1,522,660 thousand euros, the breakdown of which is as follows:

(thousands of euro)	12.31.2017	12.31.2016
Share capital	600,000	600,000
Share premium reserve	660,000	660,000
Other reserves and earnings (losses) carried forward, including the result for the period	262,660	224,066
Legal reserve	120,000	120,000
Provision for instruments representing net equity	34	34
Other reserves	(72)	(126)
Retained earnings (losses) including earnings (losses) for the period	142,698	104,157
Total	**1,522,660**	**1,484,066**

At December 31, 2017 the share capital, fully subscribed and paid up, consisted of 600,000,000 ordinary shares without par value.
Movements of share capital during the period from January 1 to December 31, 2017, are shown in the following table:

Reconciliation between the number of shares in circulation at December 31, 2016, and the number of shares in circulation at December 31, 2017.

(number of shares)	At 12.31.2016	Issue of shares	At 12.31.2017	% of Capital
Ordinary shares issued	600,000,000	-	600,000,000	100,0
Total shares in circulation	**600,000,000**	-	**600,000,000**	

Reconciliation between the value of shares in circulation at December 31, 2016, and the value of shares in circulation at December 31, 2017.

(thousands of euro)	Capital at 12.31.2016	Change in capital	Capital at 12.31.2017
Ordinary shares issued	600,000	-	600,000
Total Capital issued	**600,000**	-	**600,000**
Total Capital in circulation	**600,000**	-	**600,000**

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

The Provision for instruments representing net equity refers to:

- the general stock option plan (19 thousand euro) in existence in the TIM Group at December 31, 2016 and subscribed to by a number of employees who transferred to Inwit.
- the 2014-2016 stock option plan (15 thousand euros) launched by the TIM Group and subscribed to by a number of employees who transferred to Inwit.

Said plans have had no significant impact either on the net result or on the financial position of INWIT at December 31, 2017.

NOTE 11 – EMPLOYEE BENEFITS

Compared to December 31, 2016, the item increased in value by 725 thousand euros, and is characterized by the following composition and variation:

(thousands of euro)	12.31.2015	Increase/ Present value	Decrease	12.31.2016
Provision for employee severance indemnities	1,452	392	(9)	1,835
Total	**1,452**	**392**	**(9)**	**1,835**

(thousands of euro)	12.31.2016	Increase/ Present value	Decrease	12.31.2017
Provision for employee severance indemnities	1,835	150	(64)	1,921
Provision for incentivated redundancies	-	943	(304)	639
Total	**1,835**	**1,093**	**(368)**	**2,560**
Of which :				
Non-current amount	*1,835*			*2,388*
*Current amount **	-			*172*

** The current amount refers only to provisions for incentivated redundancies*

Compared to December 31, 2016, the Provision for Employee Severance Indemnities increased by 86 thousand euros. The increase of 150 thousand euro in the column "Increases/Present value" is broken down as follows:

(thousands of euro)	12.31.2017	12.31.2016
Financial expenses	27	25
Net actuarial (gains) losses for the period	(70)	184
Transfers	193	183
Total	**150**	**392**

In accordance with IAS 19 (2011), the provision for employee severance indemnity has been calculated using the same actuarial method adopted prior to the introduction of the principle reviewed by means of the Projected Unit Credit Method, as follows:

- projections have been formulated, on the basis of a series of financial assumptions (increased cost of living, interest rates, pay increases, etc.) regarding possible future services that could be provided to each employee registered with the program, in the event of retirement, death, invalidity, resignation, etc.);
- the current average value of future services at the date of evaluation has been calculated, on the basis of the annual interest rate adopted and of the probability that each service be provided;
- the liability has been determined as equal to the current average value of future services, as generated by the existing provision at the date of evaluation, without taking account of any future allocation.

The assumptions made may be detailed as follows:

ECONOMIC ASSUMPTIONS

Inflation rate	1.50% per year
Time-discount rate	1.30% per year
Annual rate of increase in the Provision for employee severance indemnities	2.625% per year

DEMOGRAPHIC ASSUMPTIONS

Probability of death	RG 48 Mortality Tables published by the State Accounting Office
Probability of invalidity	INPS Tables subdivided by age and gender
Probability of resignation:	
up to the age of 40 – Executives	6.50%
up to the age of 40 – Non-Executives	1.00%
from the age of 41 to 59 - Executives	2.00%
from the age of 41 to 59 - Non-Executives	0.50%
from the age of 60 to 64 - Executives	20.00%
from the age of 60 to 64 - Non-Executives	6.50%
Subsequently	Nothing
Probability of retirement	AGO requisites
Probability of receiving, at the start of the year, a 70% advance on the Provision for Employee Severance Indemnities.	1.50% in each year

Application of the aforementioned assumptions resulted in a Provision for Employee Severance Indemnities liability of 1,921 thousand euros at December 31, 2017.

The sensitivity analysis for each actuarial assumption that is relevant for the determination of the end-of-period liability, is reported below; said analysis shows the effects, expressed in absolute terms, of the changes in the relevant actuarial assumptions, possible at that date.

The average financial duration of the liability is 11.0 years.

CHANGE IN THE ASSUMPTIONS	**Amounts** (thousands of euro)
Turnover rate:	
+ 0.25 p.p.	(4)
- 0.25 p.p.	5
Annual inflation rate:	
+ 0.25 p.p.	38
- 0.25 p.p.	(36)
Annual time-discounting rate:	
+ 0.25 p.p.	(49)
- 0.25 p.p.	51

NOTE 12 – PROVISIONS FOR RISKS AND CHARGES

Compared to December 31, 2016, these have increased in value by 2,530 thousand euros, and are characterized by the following composition and variation:

(thousands of euro)	12.31.2015	Increase	Decrease	Other changes	12.31.2016
Provision for restoration costs	100,356	2,388	(4,533)	(3,421)	94,790
Provision for legal disputes and other risks	5	399	(5)	-	399
Total	**100,361**	**2,787**	**(4,538)**	**(3,421)**	**95,189**

(thousands of euro)	12.31.2016	Increase	Decrease	Other changes	12.31.2017
Provision for restoration costs	94,790	3,707	(1,142)	(245)	97,110
Provision for legal disputes and other risks	399	500	(290)	-	609
Total	**95,189**	**4,207**	**(1,432)**	**(245)**	**97,719**
Of which :					
Non-current amount	*95,189*				*97,269*
Current amount	*-*				*450*

The **Provision for restoration costs** increased due to both the allocation of costs for the dismantling of sites connected with the passage of time 2,146 thousand euros) and the allocation for 202 new sites 1,561 thousand euros).
The decrease in provision for restoration costs relates to the coverage of costs incurred in the period (1,142 thousand euros).
The other movements during the period refer to the adjustment of the provision on the basis of the forecast inflation and time-discounting rates (245 thousand euros).

The **Provision for legal disputes and other risks** increased by a total of 210 thousand euros, as the balance between the new allocations and uses.

NOTE 13 – FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euro)		12.31.2017	12.31.2016
Financial payables (medium/long-term):			
Amounts due to banks		59,884	99,763
Total non-current financial liabilities	**(a)**	**59,884**	**99,763**
Financial payables (short-term):			
Amounts due to banks		40,178	20,232
Amounts owed to the Parent Company		-	1
Total current financial liabilities	**(b)**	**40,178**	**20,233**
Total Financial liabilities (Gross financial debt)	**(a+b)**	**100,062**	**119,996**

The item in question refers to the Term Line (as defined below) of the loan agreement entered into by the Company on May 8, 2015 with Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A., and UniCredit S.p.A., (the "**Loan Agreement**").

The Loan Agreement provides for a medium-term loan, broken down into two credit facilities, both to be used by cash disbursements and with five-year maturity set on May 8, 2020; more specifically:

- a 120 million euro term line with amortized repayment and outstanding amount of 100 million euros ("Term Line"); and
- a revolving credit facility that can be used in several tranches up to 40 million euro, available until the thirtieth day preceding the date of final reimbursement and to be used to support working capital and for the general cash needs of the Company ("Revolving Line"). At December 31, 2017, the Revolving Line had not been used and was therefore fully available

The Term Line was reimbursed starting on November 8, 2017, in six semi-annual installments of equal principal amount of 20 million euro and with a final expiry date five years after the signing of the Loan Agreement.

The interest on the Term Line is calculated semi-annually and is set at a fixed rate of 1.243%.

The overall cost of the Term Line is 1.33%.

"COVENANTS", "NEGATIVE PLEDGES" AND OTHER CONTRACTUAL CLAUSES IN EFFECT AT DECEMBER 31, 2017

The Loan Agreement includes some general pledges and *covenants*, both positive and negative, in line with market practice for loans of similar amounts and nature. There is a clause of *cross-default* on the debt of the Company, but not *of cross-default connected to companies of* the TIM Group.

The Loan Agreement contains a clause concerning change of control and termination of the main MSA contract; these events entitle the lending banks to ask INWIT for compulsory early repayment.

Lastly, at December 31, 2017, no covenant, negative pledge clause or other clause relating to the above-described debt position, had in any way been breached or violated.

NOTE 14 – NET FINANCIAL DEBT

The table below shows the Company's net financial debt at December 31, 2017, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.
The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euro)	12.31.2017 (*)	12.31.2016
A. Cash		
B. Other cash equivalents	54,360	85,599
C Securities held for trading		
D Liquidity (A + B + C)	**54,360**	**85,599**
E. Current financial receivables	70	89
F Current financial payables		
G Current portion of financial payables (medium/long-term)	(40,178)	(20,233)
H. Other current financial payables		
I Current financial debt (F+G+H)	**(40,178)**	**(20,233)**
J Net current financial debt (I+D+E)	**14,252**	**65,455**
K Medium/long term financial payables	(59,884)	(99,763)
L Bonds issued		
M Other non-current financial payables		
N Non-Current financial debt (K+L+M)	**(59,884)**	**(99,763)**
O Net financial debt as recommended by ESMA (J+N)	**(45,632)**	**(34,308)**
Other financial receivables and other non-current financial assets (**)	201	216
INWIT Net financial debt	**(45,431)**	**(34,092)**

(*) As regards the effects of related party transactions on Net Financial Debt, reference should be made to the specific table included in the Note "Related Parties".

(**) This item refers to loans granted to certain employees of the company at December 31, 2017.

NOTE 15 - TRADE AND MISCELLANEOUS PAYABLES AND OTHER (NON-CURRENT AND CURRENT) LIABILITIES

The item was composed as follows at December 31, 2017:

(thousands of euro)		12.31.2016	*of which IAS 39 Financial Instruments*	Other changes during the period	12.31.2017	*of which IAS 39 Financial Instruments*
Miscellaneous payables and other non-current liabilities						
Payables and Deferred Income to the Parent Company		896	-	641	1,537	-
Payables to social security agencies		1	-	222	223	-
Deferred income		704	-	(38)	666	-
	(a)	**1,601**	**-**	**825**	**2,426**	**-**
Trade payables						
Payables to suppliers		16,431	*16,431*	16,349	32,780	*32,780*
Amounts owed to the Parent Company		17,772	*17,772*	16,870	34,642	*34,642*
	(b)	**34,203**	***34,203***	**33,219**	**67,422**	***67,422***
Miscellaneous payables and other current liabilities						
Payables and Deferred Income to the Parent Company		22,307	-	(15,026)	7,281	-
Deferred income		6,017	-	388	6,405	-
Payables to social security agencies		351	-	10	361	-
Tax payables		2,672	-	(2,188)	484	-
Other current liabilities		3,689	-	(1,843)	1,846	-
	(c)	**35,036**	-	**(18,659)**	**16,377**	-
Income tax payables		2,046	-	(414)	1,632	-
	(d)	**2,046**	**-**	**(414)**	**1,632**	**-**
Total	**(a+b+c+d)**	**72,886**	***34,203***	**14,971**	**87,857**	***67,422***

Payables to suppliers refer mainly to the supply of electrical power and rents due.

Payables to the Parent Company amounted to 43,460 thousand euros and mainly refer to commercial transactions for ordinary and extraordinary maintenance (34,642 thousand euros), service contracts and the construction of new sites, as well as sundry transactions (8,818 thousand euros) related to tax consolidation and other current (7,281 thousand euros) and non-current (1,537 thousand euros) items.

Tax payables mainly refer to regional and municipal surtaxes and to registration fees.

Other current liabilities mainly refer to payables to personnel 933 thousand euros).

The book value of trade and miscellaneous payables and other current liabilities is considered a reasonable approximation of their respective fair value.

NOTE 16 - REVENUES

Revenues amounted to 356,596 thousand euros, broken down as follows:

(thousands of euro)	Financial Year 2017	Financial Year 2016
Revenues		
Revenues from TIM	268,362	254,892
Revenues from third parties	88,234	78,616
Total	**356,596**	**333,508**

The item includes the revenues attributable to the period and relate to services provided in the course of ordinary business.

“Revenues from TIM” amount to 268,362 thousand euros, that is, 75.26% of total revenue for the financial period, and they chiefly refer to the so-called “Integrated Service” governed by the Master Service Agreement which includes the provision, at the Sites, of: (i) physical spaces where TIM equipment can be installed; (ii) power supply systems that can ensure the correct power supply of the TIM equipment; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services of the areas and of power and air conditioning systems and (iv) management and maintenance services.

The item "Revenues from third parties", amounting to 88,234 thousand euros, refers essentially to hosting services offered by the Company to Italian mobile operators (Vodafone, Wind, and H3G). Relationships with these operators are regulated by long-term trade agreements (typically for a three or six year term and option for renewal).

NOTE 17 – ACQUISITION OF GOODS AND SERVICES

The item amounted to 152,201 thousand euros and breaks down as follows:

(thousands of euro)		Financial Year 2017	Financial Year 2016
Purchases of materials and goods for resale	**(a)**	**127**	**133**
Costs for services			
Maintenance		6,108	9,590
Professional services		3,072	3,210
Other service expenses		6,782	5,189
	(b)	**15,962**	**17,989**
Lease and rental costs	**(c)**	**136,112**	**142,538**
Total	**(a+b+c)**	**152,201**	**160,660**

The costs incurred for the acquisition of materials and services during the period refer mainly to costs for leases with TIM and third parties (136,112 thousand euros).

NOTE 18 – EMPLOYEE COSTS

Revenues amounted to 8,918 thousand euros, broken down as follows:

(thousands of euro)		Financial Year 2017	Financial Year 2016
Ordinary personnel expenses			
Salaries		5,083	4,260
Social security charges		1,820	1,554
Other employee costs		222	209
	(a)	**7,125**	**6,023**
Miscellaneous employee costs and sundry labor services			
Fees paid to external personnel		607	613
	(b)	**607**	**613**
Total ordinary expenses	**(a+b)**	**7,732**	**6,636**
Restructuring and rationalization expenses			
Expenses for incentivated redundancies		1,186	-
	(c)	**1,186**	-
Total	**(a+b+c)**	**8,918**	**6,636**

The average number of employees during the period was 92.1. They can be subdivided into their respective categories, as follows:

(numbers)	2017	2016
Executives	7	5.7
Middle Managers	22.3	19.6
Administrative staff	62.8	54.3
Total	**92.1**	**79, 6**

There were 97 employees at December 31, 2017. They can be subdivided into their respective categories, as follows:

(numbers)	2017	2016
Executives	7	8
Middle Managers	25	21
Administrative staff	65	59
Total	**97**	**88**

NOTE 19 – OTHER OPERATING EXPENSES

Revenues amounted to 3,499 thousand euros, broken down as follows:

(thousands of euro)	Financial Year 2017	Financial Year 2016
Other operating expenses		
Expenses related to credit management	1,348	-
Provisions for risks and charges	50	399
Costs and provisions for indirect duties and taxes	1,776	1,593
Membership fees, donations, study grants and work experience contributions	39	67
Other Expenses	286	535
Total	**3,499**	**2,594**

NOTE 20 - AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Amortization, gains/losses on disposals and impairment losses on non-current assets amounted to 12,763 thousand euros, and are composed as follows:

(thousands of euro)		Financial Year 2017	Financial Year 2016
Amortization of intangible assets with a finite useful life			
Patent rights and utilization of intellectual property rights		1,227	896
Irrevocable rights of use		6	-
Other intangible assets		577	172
	(a)	**1,810**	**1,068**
Depreciation of tangible assets			
Plant and equipment		10,567	12,478
Manufacturing and distribution equipment		4	16
Other tangible assets		120	-
	(b)	**10,691**	**12,494**
(Gains)/losses on disposals and impairment losses on non-current assets	**(c)**	**262**	**2,794**
Total	**(a+b+c)**	**12,763**	**16,356**

The item capital /gains)/losses from disposal and write-down of non-current assets included capital losses from disposal of non-current assets resulting from decommissioning of sites amounting to 262 thousand euros.

NOTE 21 – FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

Financial income amounted to 301 thousand euros and mainly refers to interest income accrued on financial receivables amounting to 145 thousand euros and capital gain on the sale of securities equal to 132 thousand euros.

FINANCIAL EXPENSES

Financial expenses amounted to 4,010 thousand euros and break down as follows:

(thousands of euro)	Financial Year 2017	Financial Year 2016
Interest expenses and other financial expenses		
Interest to banks	1,475	1,516
Interest to the Parent Company	-	6
Bank fees	216	192
Other financial expenses	2,319	1,860
Total	**4,010**	**3,574**

The other financial expenses chiefly refer to the adjustment of the provision for restoration charges.

NOTE 22 – INCOME TAXES

DEFERRED TAX ASSETS AND DEFERRED TAX PROVISION

Deferred tax assets recorded in the financial statements amounted to 2,798 thousand euros and refer to allocations related to items whose deductibility will occur in future periods.

The expiry date of the deferred tax assets at December 31, 2017, is more than 12 months later.

At December 31, 2017, the Company has no equity reserves the taxation of which has been suspended, subject to taxation in the event of distribution.

INCOME TAXES

Income taxes amount to 48,766 thousand euros and are composed as follows.

(thousands of euro)	Financial Year 2017	Financial Year 2016
Regional Business Tax (IRAP) for the period	8.093	6,339
Corporate Income Tax (IRES) for the period	41.201	38,951
Tax consolidation expenses	1.050	896
Total current taxes	**50.344**	**46,186**
Deferred taxes for the period	(1,584)	(76)
Adjustment of taxation for previous financial years	6	(320)
Total income taxes	**48.766**	**45,790**

The fiscal burden for the period has been estimated on the basis of a Corporate Income Tax rate of 24% and a Regional Business Tax rate of 4.30%.

The reconciliation of the theoretical tax charge, calculated using a Corporate Income Tax rate of 24%, with the actual tax charge resulting from the financial statements, is as follows:

(thousands of euro)	Financial Year 2017	Financial Year 2016
Profit (loss) before tax	**175.506**	**143,715**
Theoretical income taxes	**42.121**	**39,522**
Tax effect of increases (reductions):	61	63
Non-deductible costs	69	262
Actual taxes recorded in the income statement, excluding Regional Business Tax	**42.251**	**39,847**
Current and deferred Regional Business Tax	8.093	6,339
Total actual taxes recorded in the income statement	**50.344**	**46,186**

In order to better understand the reconciliation in question, the impact of Regional Business Tax has been kept separate, in order to avoid any distortion, given that this tax is calculated on a different tax base from the pre-tax result.

NOTE 23 – EARNINGS PER SHARE

The following table shows the calculation of earnings per share:

		Financial Year 2017	Financial Year 2016
Basic and diluted earnings per share			
Profit for the period	(euro)	126.740.774	97,924,833
Average number of ordinary shares		600,000,000	600,000,000
Basic and diluted earnings per share	(euro)	0.211	0.163

NOTE 24 – CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

MAIN DISPUTES AND PENDING LEGAL ACTIONS

Below are the two main disputes that the Company is involved in at December 31, 2017. With regard to the first, this concerns the assessment of termination for non-compliance in the preliminary transaction agreement. The second concerns the request for payment of the occupancy indemnity and restoration of the site. In regard to the progress of the aforesaid lawsuits, and on the basis of the information available at the time of the closing of these financial statements, it is likely that a civil lawsuit will be lost, for which a liability of 159 thousand euros has been estimated, said liability being covered by the provision for risks and charges. As regards the other lawsuits, the adverse party's claims have been rebutted, and adverse outcomes are deemed unlikely.

COMMITMENTS AND GUARANTEES

With regard to guarantees issued by banks or insurance companies to owners of the land where the infrastructure is located, INWIT has undertaken to reimburse all sums that for any reason whatsoever the bank or the insurance company were to bear due to failure to comply with contractual obligations, the Company waiving any objection or opposition, including any legal action.

NOTE 25 - RELATED PARTIES

The Group identified the following related parties, in accordance with the criteria defined by IAS 24 – (*Financial statements disclosures concerning related party transactions*).

- TIM;
- INWIT and TIM'S executive managers with strategic responsibilities; and
- other companies controlled by TIM and/or in which TIM has an interest, including through members of its senior management.

The tables summarizing the balances of related party transactions in absolute amount and as a percentage of the corresponding values of the separate income statement, statement of financial position and cashflow statement are shown below. Related party transactions, when not dictated by specific laws, were conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the website www.inwit.it), which establishes procedures and time scales for verification and monitoring.

Although said agreements were settled at normal market conditions, there is no guarantee that, if they had been entered into by or with third parties, the latter would have negotiated and concluded them at the same conditions and by the same methods.

Items of the consolidated statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2017 and December 31, 2016 are shown below:

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 31.12.2017

(thousands of euro)	Total (a)	Related Parties: Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % on the financial statements item (b)/(a)*
NET FINANCIAL DEBT						
Cash and cash equivalents	**54.360**	8,565	-	1,500	10,065	*18.5%*
Total net financial debt	**(45,431)**	8,565	-	1,500	10,065	*-22.2%*
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Trade and miscellaneous receivables and other current assets	**73.280**	20,771	-	141	20,912	*28.5%*
Miscellaneous payables and other non-current liabilities	**(2,426)**	(1,537)	-	-	(1,537)	*63.4%*
Trade and miscellaneous payables and other current liabilities	**(84,420)**	(41,923)	(355)	(14,659)	(56,937)	*67.4%*

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 31.12.2016

(thousands of euro)	Total (a)	Related Parties: Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % on the financial statements item (b)/(a)*
NET FINANCIAL DEBT						
Current financial liabilities	**(20,233)**	(1)	-	-	(1)	*0.0%*
Cash and cash equivalents	**85,599**	10,139	-	-	10,139	*11.8%*
Total net financial debt	**(34,092)**	10,138	-	-	10,138	*-29.7%*
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Trade and miscellaneous receivables and other current assets	**51,894**	3,353	-	368	3,721	*7.2%*
Miscellaneous payables and other non-current liabilities	**(1,601)**	(896)	-	-	(896)	*55.9%*
Trade and miscellaneous payables and other current liabilities	**(69,240)**	(40,079)	(392)	(11,606)	(52,077)	*75.3%*

In the item net financial debt, the available liquidity mainly consists of the intra-group current account (8,565 thousand euros) held with the Parent Company and a deposit account with TI Finance (1,500 thousand euros).
Receivables from the Parent Company (20,771 thousand euros) mainly include the assessments relating to the recouping of electrical energy costs. Trade receivables from related parties (141 thousand euros) are mainly made up of receivables from Persidera S.p.A. relating to leases for hosting services.
Payables to the Parent Company (43,460 thousand euros) consist of trade payables (34,642 thousand euros), non-current miscellaneous payables and other liabilities (1,537 thousand euros) and current

miscellaneous payables and other liabilities (7,281 thousand euros). Trade payables mainly refer to service contracts, site restoration and routine and extraordinary maintenance carried out on sites and other services. Non-current miscellaneous payables and other liabilities mainly refer to the payable for tax consolidation (1,049 thousand euros). Current miscellaneous payables and other liabilities mainly refer to the payable for tax consolidation (4,522 thousand euros).
Payables to Senior Management (amounting to 355 thousand euros) refer to amounts payable to key management personnel of the Company.
Payables to related parties (14,659 thousand euros) mainly consist of trade payables to Telenergia S.r.l. (14,662 thousand euros) for the supply of electricity.

Items of the income statement

The effects of the transactions with related parties on the items of the income statement at December 31, 2017, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE INCOME STATEMENT AT 12.31.2017

(thousands of euro)	**Total** (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	**356,596**	268,362	-	1,089	269,451	*75.6%*
Acquisition of goods and services	**(152,200)**	(30,335)	-	(49)	(30,384)	*20.0%*
Employee benefits expenses - Ordinary expenses	**(7,732)**	(22)	(1,200)	-	(1,222)	*15.8%*
Other operating expenses	**(3,499)**	(114)	-	-	(114)	*3.3%*
Financial income	**301**	142	-	3	145	*48.2%*

ITEMS OF THE INCOME STATEMENT AT 12.31.2016

(thousands of euro)	**Total** (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	**333,508**	254,892	-	717	255,609	*76.6%*
Acquisition of goods and services	**(160,660)**	(34,478)	-	(53)	(34,531)	*21.5%*
Employee benefits expenses	**(6,636)**	(31)	(1,098)	-	(1,129)	*18.1%*
Other operating expenses	**(2,594)**	(28)	-	-	(28)	*1.1%*
Finance expenses	**(3,574)**	(6)	-	-	(6)	*0.2%*

Revenues from the Parent Company (268,362 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement. Revenues from Other related parties (1,089 thousand euros) refer to rental revenues from Persidera S.p.A.

Purchases of materials and services from the Parent Company (30,335 thousand euros) refer to the lease of infrastructural sites (21,921 thousand euros), maintenance services (6,014 thousand euros), outsourced services (554 thousand euros), telephone costs (436 thousand euros) and other service costs (1,410 thousand euros). Purchases of materials and services from other related parties (49 thousand euros) mainly refer to outsourced services from H.R. Services.
Employee benefits expense for senior management (1,200 thousand euro) refer to compensation due to Company key managers.
Other operating costs charged by the Parent Company (114 thousand euro) refer to membership fees and other expenses.
Other financial income from the Parent Company (142 thousand euros) consists of interest income on financial receivables.

Items of the Statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2017, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12.31.2017

(thousands of euro)	Total (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	**(15,276)**	(11,597)	-	227	(11,370)	*74.4%*
Change in trade payables	**13,658**	1,816	-	3,108	4,924	*36.1%*
Net change in miscellaneous receivables/payables and other assets/liabilities	**(25,043)**	(20,206)	(37)	(137)	(20,380)	*81.4%*

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12.31.2016

(thousands of euro)	Total (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	**1,683**	(378)	-	(330)	(708)	*-42.1%*
Change in trade payables	**8,641**	7,049	-	6,135	13,184	*152.6%*
Net change in miscellaneous receivables/payables and other assets/liabilities	**(22,727)**	(4,783)	(176)	-	(4,959)	*22.0%*
Financing activities:						
Change in current and non-current financial liabilities	**98**	(2)	-	-	(2)	*2.0%*

The table shows two significant changes in 2017. The first change in trade payables mainly refers to the increase in trade payables to Telenergia. The second change refers to miscellaneous receivables/payables with the Parent (20,206 thousand euros), mainly due to the payment of debts under the tax consolidation.

REMUNERATION TO KEY MANAGERS

The remuneration recorded on an accrual basis in respect of key managers amounted to 1,200 thousand euro.
The short-term compensation is paid during the financial year to which it refers and, in any case, within the six months following the end of the financial year (the entitlements related to the 2017 MBO will be paid during the second quarter of 2018).

The contributions paid in to defined contribution plans (Assida, Fontedir) on behalf of key managers, amounted to 25 thousand euro.

The Company's "key managers", that is, those who have the power and responsibility to plan, manage, and control, directly or indirectly, the Company's activities, including the directors, are identified as follows:

INWIT SPA	
Directors:	
Oscar Cicchetti	Chief Executive Officer
Managers:	
Andrea Balzarini*	Head of *Business Support*
Rafael Giorgio Perrino	Head of Finance & Administration
Emilio Maratea	Head of Business Management & Operations

* *Andrea Balzarini is a key manager since 08/01/2017 replacing Silvia Ponzoni key manager until 07/31/2017.*

NOTE 26 – SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT SpA's economic, financial and equity results of non-recurring events and operations at December 31, 2017. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euro)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	**(a)**	**1,522,660**	**126,741**	**(45,431)**	**(31,239)**
Charges related to restructuring and rationalization processes		(849)	(849)	-	232
Total effects	**(b)**	**(849)**	**(849)**	**-**	**232**
Figurative value	**(a-b)**	**1,523,509**	**127,590**	**(45,431)**	**(31,007)**

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euro)	Financial Year 2017	Financial Year 2016
Charges related to restructuring and rationalization processes	(1,186)	-
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(1,186)**	**-**
Impact on Operating profit (loss) (EBIT)	**(1,186)**	**-**
Impact on Profit (loss) before tax	**(1,186)**	**-**
Income taxes on non-recurring items	337	-
Impact on the Profit (Loss) of the Period	**(849)**	**-**

NOTE 27 – POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS.

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the course of the financial year 2017, no atypical and/or unusual transactions occurred as defined by the Communication.

NOTE 28 – EVENTS SUBSEQUENT TO DECEMBER 31, 2017

No significant events occurred after the closing of the financial year.

NOTE 29 – INFORMATION ON DIRECTION AND COORDINATION ACTIVITY

In accordance with Article 2497 et seq. of the Italian Civil Code regarding transparency in the direction and coordination of the Company, it is noted that such activities are carried out by TIM S.p.A. In carrying out such activities:

- TIM S.p.A. did not in any way adversely affect the interests of the Company.
- Complete transparency was assured with respect to inter-company transactions, such as to enable all those who have an interest to verify the observance of the above principle.
- Transactions with TIM S.p.A., and with its related parties, were carried out with a view to improving efficiency and in line with market practices.

Also in accordance with Article 2497 bis of the Italian Civil Code, a summary is provided of the key items contained in the financial statements at December 31, 2016 of TIM S.p.A., the company that exercises direction and coordination activities.

TIM S.p.A. prepares the consolidated financial statements.

Statements of Financial Position

(millions of euro)	**12.31.2016**
Intangible assets	30,913
Tangible assets	12,151
Other non-current assets	12,155
Total Non-current assets	**55,219**
Current assets	**6,482**
Discontinued operations/Non-current assets held for sale	-
Total Assets	**61,701**
Equity	**18,973**
Share capital	*11,656*
Reserves	*2,094*
Retained earnings (accumulated losses), including profit (loss) for the year	*5,223*
Non-current financial liabilities	28,958
Employee benefits	1,274
Deferred tax liabilities	2
Provisions	596
Miscellaneous payables and other non-current liabilities	1,077
Total Non-current liabilities	**31,907**
Current liabilities	**10,821**
Total liabilities	**42,728**
Total Equity and Liabilities	**61,701**

Income statement

(millions of euro)	Financial Year 2016
Revenues	13,670
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**6,304**
Operating profit (loss) (EBIT)	**3,134**
Income (expenses) from investments	12
Financial income	1,957
Financial expenses	(2,784)
Profit (loss) before tax from continuing operations	**2,319**
Income taxes	(762)
Profit (loss) before tax from continuing operations	**1,557**
Profit (loss) from discontinued operations/Non-current assets held for sale	340
Profit (loss) for the year	**1,897**

The highlights of the Parent Company, reported in the summary statement pursuant to Article 2497-bis of the Civil Code, have been taken from the Separate Financial Statements for the year ended December 31, 2016. For an adequate, full understanding of the trend of operations and financial situation of TIM S.p.A. at December 31, 2016, and of the Company's net result in the financial year to that date, see the financial statements which, together with the report by the independent auditors, is available as provided for by law.

The information shown is available in full and original form by logging on to the TIM Group website: www.telecomitalia.com.

NOTE 30 – FURTHER INFORMATION

Operating leases

In accordance with accounting standards, and in particular on the basis of IAS 17, the Company considers as non-voidable those operating lease agreements that may only be voided upon occurrence of certain remote contingencies, with the lessor's agreement, or following the lessor's payment of a further sum (penalty) such that the continuation of the agreement is reasonably certain from the very beginning.
The non-voidable lease installments relating to lease agreements, entered into as client or provider, and to hosting services, are as follows:

Lease installments payable

The Company is party to non-voidable lease agreements for Sites; at December 31, 2017, the lease installments still due totaled:

(millions of euro)	At 12.31. 2017
Within 1 year	22
From 2 to 5 years	86
Beyond	5
Total*	**113**

(*) The impact of contracts or contract periods considered to be cancellable are excluded from the scope of the evaluation indicated in the table. With reference to the contractual periods considered as cancellable, the Company has lease contracts in place which can be unilaterally terminated by the lessor with less than 12 months notice. The amount of installments still due as at December 31, 2017 based on the number of months notice envisaged by the respective contracts is equal to approximately 53 million euros.

Lease installments receivable

The Company is party to non-voidable hosting agreements; at December 31, 2017, the lease installments still to be collected totaled:

(millions of euro)	At 12.31. 2017
Within 1 year	336
From 2 to 5 years	1.276
Beyond	172
Total	**1.784**

Directors and statutory auditors' fees

The fees payable to the Company's Statutory Auditors and Directors at December 31, 2017, for the performance of their corresponding duties, amount to 105 thousand euros and 1,327 thousand euros, respectively.

Summary of fees due to the Independent Auditors and to other entities belonging to the Independent Auditors' network

The following schedule shows the total fees due to PricewaterhouseCoopers S.p.A. ("PwC") and to the other entities of the PwC network for the audit of the 2017 financial statements, as well as the fees for 2017 for other audit/verification services and for other services other than the audit provided to INWIT by PwC and by the other entities belonging to the PwC network. Out-of-pocket expenses incurred in 2017 for these services are also included here.

(thousands of euro)	INWIT S.p.A.		
	PwC S.p.A.	Other entities of the PwC network	Total PwC network
Auditing services:			
statutory audit of the separate financial statements	196	-	196
limited review of the interim half-yearly financial statements	42	-	42
miscellaneous(*)	58	-	58
Out-of-pocket expenses	23	-	23
Total	**319**	**-**	**319**

(*) This sum comprises fees for: audit of the Reporting Package at December 31, 2017 (10 thousand euros), issue of the statutory audit (26 thousand euros), verification of the VAT return (3 thousand euros) and additional six-monthly procedures (19 thousand euros).

CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31,2017 PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED MAY 14, 1999, WITH AMENDMENTS AND ADDITIONS

1. We, the undersigned, Oscar Cicchetti, as Chief Executive Officer, and Rafael Giorgio Perrino, as Manager responsible for preparing Infrastrutture Wireless Italiane S.p.A. financial reports, certify, having also considered the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures used in the preparation of the financial statements for the period January 1 – December 31, 2017.

2. Infrastrutture Wireless Italiane S.p.A. has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:

   3.1 the financial statements at December 31, 2017

   a) are prepared in conformity with international accounting principles adopted by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS) as well as the legislative and prescribed provisions in force in Italy also with reference to the measures enacted for the implementation of art. 9 of Legislative Decree 38 of February 28, 2005;

   b) correspond to the results of the accounting records and entries;

   c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company and its consolidated subsidiaries;

   3.2 the report includes a reliable analysis of the operating performance and income and financial situation of the issuer, along with the description of the main risks and uncertainties to which it is exposed.

March 2, 2018

The Chief Executive Officer	The Manager responsible for preparing the Company's Financial Reports
________/signed/_________	_______/signed/___________
(Oscar Cicchetti)	(Rafael Giorgio Perrino)

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Numero REA MI 2057238
Capitale Sociale € 600.000.000,00

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Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

Infrastrutture Wireless Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infrastrutture Wireless Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2017, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor's Responsibilities for the Audit of the Financial Statements of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matter	*How our audit addressed the key audit matter*
Recoverability of goodwill *Note 4 "Goodwill".* As of 31 December 2017 goodwill amounts to €1,412 million, representing 78% of total assets and 98% of the net equity. The recoverability of the carrying amount of goodwill was tested for impairment at year end, in accordance with IAS36 – Impairment of Assets. The recoverable amount of goodwill is based on the fair value less cost of disposal of the group of cash generating units (CGU) to which the goodwill is allocated. The fair value less cost of disposal is based on the quoted market price of Company's shares, adjusted by the estimated fair value of the assets and liabilities not directly attributable to the group of CGU. The recoverable amount of the group of CGU is compared with its carrying amount, inclusive of assets and liabilities attributable to the CGU, including goodwill. The recoverability of goodwill represented a key audit matter considering the magnitude of its carrying amount, the contribution to total assets and net equity and the professional judgement required for the assessment of the allocation of goodwill to the group of CGU and of the assumptions used by management.	We have performed an understanding and evaluation of the internal controls over the impairment test of goodwill. We have performed the following audit procedures: • assessment of the adequacy of the impairment testing process in accordance with the requirements of the accounting standard; • assessment of the allocation of goodwill to the group of cash generating units – CGU; • assessment of the key assumptions used when determining the fair value, based on quoted market price; • assessment of the accuracy of the carrying amount of assets and liabilities attributable to the group of CGU to which the goodwill is allocated; • testing the mathematical accuracy of the calculation model used. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Revenues from Master Service Agreement with Telecom Italia SpA *Note 16 "Revenues"*	
Annual revenues for 2017 amount to € 357 million, of which 75% or € 268 million generated from the parent company Telecom Italia SpA. Revenues from Telecom Italia SpA relate to different types of service rendered by the Company and are governed by the Master Service Agreement signed on 13 March 2015. The Master Service Agreement is a complex agreement, containing several performance obligations, such as lease of spaces on towers, supply of power, air conditioning, backup systems, monitoring, security, asset management and maintenance services, guarantees and other minor services. The recognition of revenues derived from the Master Service Agreement represented a key audit matter considering the magnitude and the complexity of the agreement, the number of services rendered to Telecom Italia SpA and the degree of judgement used by management.	We have performed an understanding and evaluation of the internal controls over the identification of performance obligations associated with the Master Service Agreement. We have verified the revenue recognition for the different performance obligations, also based on their stage of completion. We obtained written confirmation of amounts due from Telecom Italia SpA.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, ly or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit 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 Company internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Infrastrutture Wireless Italiane SpA at the general meeting held on 23 February 2015 to perform the audit of the Company's financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10 and Article 123-bis, paragraph 4, of Legislative Decree 58/98

Management of Infrastrutture Wireless Italiane SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Infrastrutture Wireless Italiane SpA as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Milan, 20 March 2018

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Other information

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. PURSUANT TO SECTION 153 OF ITALIAN LEGISLATIVE DECREE 58/1998

Dear Shareholders,

Infrastrutture Wireless Italiane S.p.A. (“INWIT” or the "Company") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

INWIT launched operations on April 1, 2015, the effective date of the contribution of Telecom Italia S.p.A.'s "Tower" business unit ("Telecom Italia" or also "TIM") focused mainly on activities related to the construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons, and poles) and technological systems, necessary to host the transceiver equipment owned by Telecom Italia and other customers.In this context, INWIT stands out as the largest Italian Tower Operator in terms of number of sites managed, with a special focus on mobile services.

During the course of the financial year ending December 31, 2017, INWIT's Board of Statutory Auditors performed its auditing duties as required by law, also taking account of the Principles of the Rules of Conduct recommended by the National Board of Accountants and Bookkeepers, and of the CONSOB communications regarding corporate controls and the activities of the Board of Statutory Auditors.

During the year, the Board of Statutory Auditors acquired information for the performance of its functions, both by attending meetings of the Board of Directors, the Control and Risk Committee and the Appointments and Remuneration Committee, and by interviews with company functions, documentation analysis and inspection activities.

Furthermore, the Board of Directors reported at least once a quarter on business conducted, on those transactions of the greatest importance from the financial, economic and equity points of view, on transactions entailing possible conflicts of interest (mainly intra-group transactions, on any atypical or unusual transactions, and on any other business or transaction that it deemed ought to be disclosed to the recipients of the information.

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1. On the basis of the information received and the specific analyzes conducted by the Board of Statutory Auditors, it emerged that during 2017 the Company did not carry out transactions of major economic, financial and equity importance.

2. During the course of 2017 and subsequent to the closure of that financial year, the Board of Statutory Auditors discovered no atypical and/or unusual transactions carried out with third parties or related parties (including the Parent Company and other Group companies).

With regard to transactions that could potentially constitute a conflict of interests, the Directors, when commenting on the individual items set out in the financial statements, indicate and illustrate the principal intra-group transactions and transactions with related parties. thus reference should be made

to these sections also for a description of the characteristics of the transactions and of their economic effects.
As far as regards transactions with related parties, the Board of Statutory Auditors reports that, in accordance with CONSOB's regulatory provisions contained in resolution no. 17221 of March 12, 2010 (and subsequent amendments and additions), the Company adopted, with resolution of May 18, 2015, effective from the date of commencement of trading in INWIT's shares listed on the electronic stock exchange organized and managed by Borsa Italiana S.p.A. (i.e. June 22, 2015) a special procedure – subject to marginal updating following the Board resolution of July 25, 2017 – briefly illustrated in the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the financial year 2017", to which reference should thus be made.
The Board of Statutory Auditors has monitored the compliance of the procedures adopted with the principles established by CONSOB, together with actual observance thereof.
3. The Board of Statutory Auditors deems that the information provided by the directors in the Notes to the Financial statements of Infrastrutture Wireless Italiane S.p.A., regarding intra-group transactions and transactions with other related parties, is adequate.
4. The independent auditors PricewaterhouseCoopers S.p.A. issued a report on March 20, 2018, pursuant to Section 14 of Italian Legislative Decree no. 39 of January 27, 2010 and according to art. 10 of Regulation EU 537/2014 in which it is certified that the financial reports for the financial year to December 31, 2017, truthfully and correctly represent the Company's assets, financial situation, net result, changes in net equity, and financial flows. The report - as required by the new legislation - indicates the key aspects and there are no disclosure references.
The independent auditors also believe that the Management report and the information in the Report on Corporate Governance and Ownership Structures indicated in art. 123-bis, paragraph 4, of the TUF (Consolidated Finance Act) are consistent with the financial statements of the Company as at December 31, 2017 and drawn up in compliance with the law.
5. During the course of 2017, and up to the date of drafting of this Report, the Board of Statutory Auditors has not received any reports under Article 2408 of the Italian Civil Code.
6. During the course of 2017, and up to the date of drafting of this Report, the Board of Statutory Auditors, has not received any complaints.
7. During the course of 2017, the Company appointed PricewaterhouseCoopers S.p.A. solely to carry out an independent audit of the Company's financial statements and accounts.
8. During 2017, Infrastrutture Wireless Italiane S.p.A. did not assign any tasks to entities or persons having continuous business relationships with PricewaterhouseCoopers S.p.A. and/or with companies in the PwC network.
The Board of Statutory Auditors has monitored the independence of the Independent Auditors, and on March 20, 2018, the Independent Auditors issued their annual statement of independence pursuant to Section 6, paragraph 2(a), of Regulation EU no. 537/2014
9. During the course of 2017, the Board of Statutory Auditors provided the Board of Directors with an opinion, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, in regard to the variable remuneration paid to the CEO Oscar Cicchetti for the year 2017. On February 28, 2018 the Board of Statutory Auditors issued a similar opinion on the variable remuneration of the CEO for the year 2018, as well as on the inclusion of the latter among the beneficiaries of the 2018-2020 long-term stock option plan which will be submitted to the approval of the Shareholders' Meeting convened for April 13, 2018.

On March 16, 2017, pursuant to Article 2386, paragraph 1, of the Italian Civil Code, the supervisory body expressed its approval of the decision to nominate Saverio Orlando as a member of the Board of Directors, in place of the resigning member Venanzio Iacozzilli.

Likewise, in accordance with the aforementioned provision of law, on November 7, 2017, the Board of Statutory Auditors expressed its approval of the decision to appoint Venanzio Iacozzilli as a member of the Board of Directors to replace the resigning member Elisabetta Colacchia.

In its meeting of December 19, 2017, the Board of Directors appointed the new Head of the Audit Function, subject to the favorable opinion of the Control and Risk Committee. As required by the Corporate Governance Code of Borsa Italiana, the Board of Statutory Auditors was consulted on the matter and expressed a favorable opinion (albeit of an exclusively advisory nature).

Again pursuant to the Corporate Governance Code of Borsa Italiana, the Board of Statutory Auditors was consulted within the scope of the definition of the functional objectives for the short-term incentive scheme (2017 MBO and 2018) of the Head of the Audit Function.

10. During 2017, the Company's Board of Directors met 8 times ; the Control and Risks Committee held 9 meetings, while the Appointments and Remuneration Committee met 9 times. The Board of Statutory Auditors met 18 times during the course of 2017 (7 times jointly with the Control and Risks Committee); moreover, in 2017 it attended: (i) one shareholders' meeting; (ii) all Board of Directors' meetings; (iii) all meetings of the Control and Risks Committee, and (through its Chairman or his proxy) all meetings of the Appointments and Remuneration Committee.

11. The Board of Statutory Auditors has taken note of, and monitored - insofar as it is concerned - due compliance with the principles of good administration: through attendance of the meetings of the Board of Directors and of the various Committees; by gathering information from the CEO, the Company's management, the head of the Audit Department, and the Executive Manager responsible for drawing up the Company's accounting documents and records; and also through meetings with the aforesaid persons and with the representatives of the independent auditors PricewaterhouseCoopers S.p.A., for the purpose of the reciprocal exchange of relevant information and data.

The Board of Statutory Auditors supervised compliance with the law and the articles of association. Specifically, as far as regards the Board of Directors' decisional processes, the Board of Statutory Auditors has ascertained, also by attending the Board of Directors' meetings, that the Directors' decisions comply with law and with the Company's articles of association, and has verified that the corresponding resolutions were supported by information, analyses, controls and discussions, and also, when necessary, by recourse to consultation with the committees and with external consultants. The Board of Statutory Auditors has also verified, insofar as such is known, that the Directors have submitted the declarations required by Article 2391 of the Italian Civil Code.

12. In accordance with INWIT's Code of Corporate Governance, the Board of Directors provides strategic guidance and supervision, with the principal aim of creating value for shareholders in the medium/long term, with a view to ensuring the sustainability of the Company's business, and also bearing in mind the legitimate interests of the remaining stakeholders.

In order to implement its decisions and to govern the Company's business, the Board of Directors, in compliance with the limits established by law, may delegate the appropriate powers to one or more directors, who report to the Board of Directors and to the Board of Statutory Auditors on the activities they perform, on the general performance of management, on its foreseeable evolution, and on the Company's most important transactions from the financial, economic and equity points of view.

During 2017, Francesco Profumo performed the role of Company Chairman, and Oscar Cicchetti that of

CEO.

The Chairman of the Board of directors has the company signature, and is the Company's legal representative in relations with third parties.

The CEO was assigned legal representation of the Company together with responsibility regarding market disclosure, the strategic management and overall governance of the Company, and also the management of any extraordinary transactions. The CEO was also assigned responsibility for establishing - through implementation of the Board of Directors' guidelines - the internal control system, and for ensuring that it met the requirements of changing operating conditions and of the evolving legislative/regulatory situation.

The Company adopted an organizational model that provides for the monitoring of the principal activities required for the management and development of the Company's business. On the basis of this model, the CEO is reported to by:

- the Business Management & Operations Function, headed by Emilio Maratea;
- the Business Support Function, headed by Silvia Ponzoni up to July 31. 2017 and from August 1, 2017 by Andrea Balzarini, with the task of ensuring the coordination of administrative, financial and control activities, together with purchasing and business development; administration, finance and control operations are managed by Rafael Perrino, who is also responsible for Investor Relations, and who is Executive Manager responsible for the drafting of the Company's accounting documents;
- the Legal Function, headed by Valeria Savarese, which through the Compliance and Regulations Function, guarantees the management of formalities relating to compliance and regulatory issues;
- the People Value Function headed by Gabriella Raffaele.

The Board of Statutory Auditors, insofar as it is concerned, acquired information regarding the Company's chosen organizational structure, and the implementation and development of such ;it also monitored the dynamic adequacy of the organizational structure and its operation, bearing in mind the Company's objectives.

The Company belongs the TIM Group and is subject to the management and coordination of TIM S.p.A. pursuant to articles 2497 et seq of the Italian Civil Code.

In this latter regard, the Board of Statutory Auditors supervised adoption by the Board of Directors on November 7, 2017, following an in-depth investigation, of the Group Regulations, aimed at defining the reference framework for exercise of the management and coordination of Tim with regard to all the Group's subsidiaries, establishing the principles, limits, scope and procedures.

13. The Board of Statutory Auditors monitored the implementation and due operation of the Company's internal control and risk management system (hereinafter, for the sake of brevity: the internal control system), ensuring its adequacy, both now and in the future, by means of: (i) meetings with the Control and Risks Committee ; (ii) regular meetings with the Heads of the Audit Function, the Legal Function - who, as mentioned, also oversees questions of compliance - and with the Executive Manager responsible for drafting the Company's accounting documents, and (iii) the acquisition of documents.

The internal control system is organized, and operates, in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the organizational structure of the Company and of the TIM Group, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities, as follows: (i) the Board of Directors is responsible for strategic guidance and supervision; (ii) the CEO and management are responsible for monitoring and managing the Company's operations; (iii) the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and (iv) the Board of Statutory Auditors has a supervisory role.

The establishment and maintenance of the internal control system is entrusted to the CEO and to the Executive Manager responsible for drafting the Company's accounting documents, insofar as each is concerned, so as to ensure the overall adequacy of the system and its actual operation, from a risk-based perspective, which is also taken into consideration when the Board of Directors' agendas are drawn up.

In accordance with the Company's Code of Corporate Governance, in exercising the Board's responsibility for the internal control and risk management system, the Board also avails itself of the services of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities.In particular, during 2017, the Audit Function, for the performance of its activities and through a specific Framework Agreement, made recourse to a leading audit company identified following a specific tender. On 19 December 2017, at the proposal of the Director in charge of the internal control and risk management system - subject to the favorable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors - the Board of Directors resolved to appoint Laura Trucco as Head of the Audit Function, with effect from January 1, 2018, replacing the previous Manager who obtained long-term leave of absence with effect from September 1, 2017. Pending this replacement, the internal auditing activities were outsourced to the auditing company already assigned to support the Audit Function.

For further details of the internal control system, see the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the financial year 2017”.

The Board of Statutory Auditors has acknowledged the overall evaluation of the internal control and risk management system submitted by the Head of the Audit Function and of the Control and Risk Committee.

With a view to the future, the Board of Statutory Auditors deems the internal control and risk management system to be generally adequate. In this regard, though considered physiological for INWIT, which was founded just under three years ago and has a lean structure, that certain weaknesses are identified, the Board of Statutory Auditors, in addition to monitoring the actions to overcome the weaknesses identified, recommended the management to continue strengthening the internal control system which, however, currently has no particular critical issues.

The Company has adopted, and seen to the deployment of, the Organizational Model of the Telecom Italia Group pursuant to Italian Legislative Decree no. 231 of June 8, 2001, for the prevention of crimes, together with the corresponding staff training. It should be noted that during 2017, the Organizational Model was updated following the amendment and introduction of new predicate offenses (e.g. “Illicit brokering and exploitation of labor” and “Incitement to corruption among private individuals”).

It should be noted that INWIT's Board of Directors at its meeting of January 27, 2015, appointed the Board of Statutory Auditors, up to the end of its term of office, as supervisory body under Section 6, paragraph 1(b), of Italian Legislative Decree no. 231 of June 8, 2001.

As of the aforesaid Board of Directors' resolution, INWIT's Board of Statutory Auditors acts as Supervisory Body 231 in accordance with the provisions of law in force

14. The Board of Statutory Auditors – also in its capacity as Internal Control and Audit Committee - has evaluated and monitored the adequacy of the administrative-accounting system and its capacity to reliably and correctly represent company transactions, by obtaining information from the heads of the company functions concerned, by examining company documents and monitoring activities and by analyzing the results of the work carried out by the independent auditors PricewaterhouseCoopers S.p.A.

The Board of Statutory Auditors has acknowledged the statements issued by the CEO and by the Executive Manager responsible for drafting the Company's accounting documents, in regard to the adequacy - in relation to the Company's nature - and the actual application in 2017, of the administrative and accounting procedures required for the drafting of the financial statements.

With regard to the question of the impairment testing of goodwill and of assets with an undefined useful life, in accordance with international accounting standards, the Board of Statutory Auditors has monitored (i) the Board of Directors' adoption of a specific procedure, and subsequently (ii) the results of the tests conducted in this regard by management, which confirmed the recoverable nature of said goodwill and assets.

On March 20, 2018, the Independent Auditors also issued the Report pursuant to art. 11 of Regulation EU no. 537/2014, which failed to identify any "significant inadequacies in the internal control system in regard to the process of financial disclosure".

In view of the expiry of the mandate given by TIM S.p.A. to PricewaterhouseCoopers S.p.A. for the nine-year period 2010-2018, pursuant to the new legislation and regulations resulting from the EU Directive on statutory auditing, in 2017, under the responsibility and supervision of the Boards of Statutory Auditors of TIM and Inwit and of the audit committees of the other Group companies listed on the NYSE or having the status of Public Interest Entities pursuant to the relevant legislation, the Selection Process for the new Single Group Auditor for the nine-year period 2019-2027 was initiated. This anticipation was necessary in order to comply with the prohibition of receiving from the New Single Group Auditor (including its network), in the 12 months prior to the start of the period subject to auditing (cooling-in period), services relating to the "Design and implementation of internal control and risk management procedures related to the preparation and/or control of financial reporting, or to the design and implementation of technological systems for financial reporting".

The Board of Statutory Auditors of Inwit positively assessed the undoubted advantages that may derive from the presence of a single Group auditor (mainly consisting of better coordination of the activity and operations of the structures, as well as reduction of the related costs) compared to the possibility (not excluded) of each company opting for a different auditor.

Having ascertained the availability of the current statutory auditor to reach a consensual termination of the current assignment, following the Shareholders' Meeting of Tim that will decide on the appointment of the new Single Auditor, an Inwit Shareholders' Meeting may be held, which on the basis of a specific recommendation of the Board of Statutory Auditors, deliberates to this effect.

15. The Board of Statutory Auditors found that the obligation under Section 114 of Italian Legislative Decree no. 58/1998 does not apply in that the Company held no interests in other companies at December 31, 2017.

16. The Board of Statutory Auditors has ascertained, by means of direct audits and information received from the independent auditors PricewaterhouseCoopers S.p.A., that the regulations and laws governing the formation and arrangement of the financial statements and the Management Report have been duly observed.

17. The Company complies with the Code of Corporate Governance drawn up by the Corporate Governance Committee of Borsa Italiana.

The Board of Statutory Auditors supervised the checking of the requirements, and of due application of the principles, of independence of the Company's Directors. The Board of Statutory Auditors also verified that its own members meet the independence criteria referred to in Section 148, paragraph 3, of Italian Legislative Decree no.58/1998. It has also been established that the members of the Board of Statutory

Auditors together possess expertise in the sector in which the Company operates, in accordance with Italian Legislative Decree no. 39/2010.

For further information regarding the Company's Corporate Governance, see the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the financial year 2017".

The Board of Statutory Auditors has monitored the fact that the aforesaid Report offers full information regarding the manner in which the Company has adopted and implemented the recommendations of the Code of Corporate Governance.

Furthermore, the Board of Statutory Auditors has verified that the Report on Remuneration, issued pursuant to Section 123-ter of Italian Legislative Decree no. 58/1998 and approved by the Board of Directors, has been drawn up in accordance with the provisions of law, and provides adequate information regarding the Company's remuneration policy and on the fees and salaries paid during the course of 2016.

18. The Board of Statutory Auditors' supervisory and auditing activities have failed to reveal any significant facts that need to be reported or mentioned in this Report.

19. The Board of Statutory Auditors, having acknowledged the results of the financial statements to December 31, 2017, and bearing in mind that the Statutory Reserve has reached one-fifth of Equity pursuant to Article 2430 of the Italian Civil Code, has no objection to make in regard to the Board of Directors' proposal to the Shareholders' Meeting, to allocate net profit for the financial year 2017, amounting to 126,740,774 euros:

- in part for distribution to the Shareholders, in the form of a dividend of 0.1900 euros for each of the 600,000,000 ordinary shares in circulation at May 21, 2018, the envisaged dividend payment date, amounting to a total of 114,000,000 euros;
- and in part (the remaining 12,740,774 euros) to retained earnings.

With the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2017, the term of office of the Board of Directors and of the Board of Statutory Auditors deliberated by the Shareholders' Meeting of the Company on May 15, 2015 expires; the Board therefore invites the Shareholders to take the appropriate action. .

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Milan, March 20, 2018

THE BOARD OF STATUTORY AUDITORS

Enrico Maria Bignami

Lawyer Umberto La Commara

Michela Zeme