

INWIT



MERGER PLAN
OF
VODAFONE TOWERS S.R.L.
INTO
INWIT – INFRASTRUTTURE WIRELESS ITALIANE S.P.A.
(PURSUANT TO ARTICLES 2501-*TER* AND 2501-*BIS* OF THE CIVIL CODE)

The Board of Directors of INWIT - INFRASTRUCTURE WIRELESS ITALIANE S.P.A. ("**Inwit**" or the "**Surviving Company**") and the Board of Directors of Vodafone Towers S.r.l. ("**VOD Towers**" or the "**Non-Surviving Company**") and, together with Inwit, the "**Merging Companies**") have prepared and approved this merger plan pursuant to Article 2501-*ter* of the Civil Code, and on a voluntary basis as further specified herein, pursuant to Article 2501-*bis* of the Civil Code (the "**Merger Plan**"), relative to the merger by incorporation of Vodafone Towers in Inwit (the "**Merger**").

Introduction

On July 26, 2019, Inwit and its controlling partner TIM S.p.A., a public limited company incorporated under the laws of Italy, with registered office in Via Gaetano Negri n. 1, Milan, registered with the Companies' Register of Milan, Monza, Brianza and Lodi no. 00488410010, with share capital of 11,677,002,855.10 euros, listed on the Electronic Stock Exchange (Mercato Telematico Azionario, "**MTA**") organised and managed by Borsa Italiana S.p.A. ("**TIM**"), on the one part, and Vodafone Italia S.p.A. a public limited company incorporated under the laws of Italy, with registered office in Via Jervis n. 13, Ivrea, registered with the Companies' Register of Turin no. 93026890017, with share capital of 2,305,099,887.30 euros ("**VOD**") and its single member Vodafone Europe B.V., a company incorporated under the laws of the Netherlands, with registered office in Rotterdam, Rivium Quadrant 73 in Capelle aan de IJssel, registered with the Dutch Chamber of Commerce, no. 804794297 ("**VOD EU**"), subject to approval of the respective boards of directors, have signed a framework agreement (the "**Framework Agreement**") regulating the single transaction that will combine the towers of VOD with those of Inwit, to carry out through (i) the establishment of VOD Towers, (ii) the subsequent Spin-off (as defined herein) of VOD in favour of VOD Towers and lastly (iii) following the closing of the sale of the Minority holding in VOD Towers (as defined herein), the Merger, as well as the finalisation of an industrial partnership, through Inwit, VOD and TIM signing Service Agreements as defined herein (the "**Transaction**") (cf. the press release published by Inwit on July 26, 2019, available at www.inwit.it, section "*Media - Press Releases*" and the press release published by VOD, on the same data, available at www.vodafone.it, section "*Press releases*").

The Framework Agreement therefore regulates and governs activities prior or functional to the development of the Transaction, the mutual undertakings of the Merging Companies and the conditions which performance of the Transaction is subject to.

The Transaction consists, inter alia, of the following activities:

- (i) by August 31, 2019 VOD EU will incorporate VOD Towers, with paperwork formalized on August 1, 2019 and registered on August 5;
- (ii) the partial and proportional spin-off of VOD pursuant to Article 2506 of the Civil Code and consequent allocation in favour of VOD Towers of the business unit of VOD dedicated to the construction and management of passive infrastructure (e.g. towers, pylons and piles) and technological systems to host proprietary equipment of mobile telephone operators and other equipment for radio, TLC and television broadcasters and radio stations (the "**Towers Unit**") by December 31, 2019;
- (iii) the sale of a holding equal to 43.4% of the share capital in VOD Towers (the "**Minority holding in VOD Towers**") between VOD EU, in a capacity as seller, and Inwit, in a capacity as buyer (the "**Sale**"), of which the deed will be signed between VOD EU and Inwit at the Closing Date (as defined herein) and that will take effect immediately before the Effective Date (as defined herein), subject to the finalisation of the last registration of the Deed of Merger (as defined herein) in the relevant Companies' Register;
- (iv) the Merger - of which the Deed of Merger will be signed at the Closing Date and will take effect on the date (and at the time) that will be established - in agreement with Borsa Italian considering that at such date the New Inwit Shares (as defined herein) shall be listed on the

MTA - within fifteen days following the last registration of the Deed of Merger in the relevant Companies' Register (the “**Effective Date**”), with the concurrent cancellation of the remaining holding of VOD EU in VOD Towers following the Sale and listing on the MTA of 360,200,000 ordinary shares, with no par value, calculated based on the Swap Ratio (as defined herein), that will be issued by Inwit and allocated to VOD EU, at the Effective Date (the “**New Inwit Shares**”), in relation to the cancellation of the remaining holding of VOD EU in VOD Towers;

- (v) the adoption of the New By-Laws (as defined herein) subject to approval by the Extraordinary Shareholders' Meeting of Inwit and that will take effect from the Effective Date;
- (vi) the distribution of any reserves that the Shareholders' Meeting of Inwit will be required to resolve on, at the same time as the Merger, in favour of Inwit shareholders after the Merger, according to the terms and conditions set out in the Framework Agreement (“**Extraordinary Distribution**”). For further information on the Extraordinary Distribution, reference is made to the report of the Board of Directors of Inwit prepared pursuant to Article 125-*ter* of Legislative Decree 58 of February 24, 1998, as amended (“**TUF**”) and Article 72 of the Issuer's Regulation in compliance with template no. 3 of Annex 3A to the Issuers' Regulation that will be made available to the public according to the terms and conditions established by law and regulations (“**Report of the Board of Directors of Inwit**”).

As provided for by the Framework Agreement, the effective signing of the deed of merger between Inwit and VOD Towers (the “**Deed of Merger**”) - and development of other activities comprising the closing of the Transaction, including the finalisation of the contract governing the Sale - is subject to the condition precedent of the occurrence (or waiver) of certain conditions precedent set out in the Framework Agreement and specifically (the “**Conditions Precedent**”):

- (a) the Spin-off must be completed and take effect by December 31, 2019;
- (b) the approval of the Merger and relative documentation by the extraordinary shareholders' meeting of Inwit in compliance with the whitewash procedure (for a description of this procedure, reference is made to the Report of the Board of Directors of Inwit), and by the extraordinary shareholders' meeting of VOD Towers;
- (c) a positive opinion on the Swap Ratio, given by an independent expert appointed pursuant to Article 2501-*sexies* of the Civil Code;
- (d) Inwit's extraordinary shareholders' meeting must approve the New Inwit By-Laws (as defined below), with effect from the Effective Date;
- (e) the approval resolutions per letter (b) above must be filed with the appropriate Company Registers and there must be no opposition from the creditors of the Merging Companies pursuant to Civil Code Art. 2503 (or, if there is such opposition, it must not be of an extent to prevent execution of the Deed of Merger);
- (f) Inwit and VOD Towers, pursuant to Art. 47 of Law 428/1990, must complete union consultations regarding the Merger;
- (g) if requested, authorisation (if relative legal deadlines have expired) from the European Commission or AGCOM, the Italian Competition Authority, for the closing of the Transaction pursuant to applicable EU or Italian law on concentrations (i.e. Law 287/1990) save, in any case, for said authorisation not being subject to conditions, or if conditions or undertakings are defined (aimed at remedying any competition-related criticalities identified), the latter shall not be such as to determine or be able to determine an Adverse Impact (as defined in the Framework Agreement, i.e., (i) a substantial and objective adverse impact on the value of the business of Inwit or VOD Towers, as applicable, as assessed at

the date when the Framework Agreement is signed or (ii) with regard to objectives that the parties have undertaken to achieve with the signing of Service Agreements, as defined herein (except for “active network sharing”), the fact that achieving such objectives is or will be prevented, seriously compromised or significantly harmed);

- (h) if the European Commission has confirmed that the Transaction will not create a "full-function joint venture":
 - 1) the European Commission or the Antitrust Authority must reach a final decision pursuant to Regulation 1/2003 or Law 287/90 (as applicable) and said decision must not cause an Adverse Impact; or
 - 2) in the event of a case brought to the European Commission or the Antitrust Authority pursuant to Art. 101(1) TFEU or corresponding Italian law (e.g. a decision pursuant to Art. 11[6] of Regulation 1/2003 or Art. 14 of Law 287/90) (a “**Pending Antitrust Case**”), as of the Closing Date there must be no objective, concrete circumstances that will likely lead the European Commission or Antitrust Authority to reach a decision that may cause an Adverse Impact; or
 - 3) in the event of a Pending Antitrust Case for which the parties have proposed to the authorities any commitments, obligations, and corrective measures aimed at overcoming competition-related issues: (i) such commitments, obligations, and corrective measures aimed at overcoming competition-related issues must not have been rejected before or as of the Closing Date; and (ii) as of the Closing Date there must be no objective, concrete circumstances that will likely lead the authorities to reject such commitments, obligations, and corrective measures and in so doing produce an Adverse Impact;
- (i) the competent authorities must grant the authorizations to complete the Transaction (including the Spin-off) as required by law, including Legislative Decree 21/2012 converted into Law 56/2012 (the "golden power" law);
- (j) no legislation must be enacted, definitive or provisional court decision reached, or order, decree, or pronouncement issued by a competent judicial or supervisory authority that may invalidate, render unlawful, or prevent the completion of the Spin-off and/or Transaction, and no definitive or provisional court decision must be reached or order, decree, or pronouncement issued by a competent judicial or supervisory authority that imposes a significant penalty (so as to cause an Adverse Impact) in the event the Transaction is completed;
- (k) no event has occurred that is substantially harmful, unforeseeable and beyond the control of the parties that results in the failure to achieve or a substantial change in the objectives that the parties have established with the signing of the Framework Agreement and “**Service Agreements**” (i.e., the Active Sharing Agreement, that will be signed between TIM and VOD to regulate reciprocal rights and obligations regarding the sharing of relative active infrastructure; the Passive Sharing Agreement, to be signed by TIM, VOD, and Inwit upon signing the Service Agreements other than TIM MSA and VOD MSA, to govern their rights and obligations with respect to the sharing of Inwit's and VOD's passive infrastructure; VOD MSA, the Master Service Agreement to be signed by Inwit and VOD on the Closing Date, with effect from the Effective Date, that will govern the hosting services of the sites made available to Inwit as a result of the Merger; and TIM MSA, the new Master Service Agreement to be signed by Inwit and TIM on the Closing Date, with effect from the Effective Date, that will govern the hosting services of the sites made available to Inwit as a result of the Merger (with the exclusion, for the purposes of this condition, of the aforementioned Active Sharing Agreement);

- (l) TIM and/or VOD EU (or their parent companies, subsidiaries, or companies under joint control) must have no obligation under TUF to launch a public tender offer on ordinary Inwit shares as a result of the Transaction;
- (m) before the Closing Date, Inwit must have seen to all formalities required by Borsa Italiana for the issuance of the New Inwit Shares and must have therefore satisfied all conditions set by Borsa Italiana for the New Inwit Shares of VOD EU to be admitted to trading on the MTA and tradable as of the Effective Date, on par with the Inwit shares in circulation as of that date.

The Framework Agreement establishes that, following the occurrence (or waiver) of all Conditions Precedent (within the deadline indicated in the Framework Agreement, the so-called Long Stop Date, which is March 31, 2020, or in the case that the Condition Precedent indicated in letter (g) applies, October 31, 2020), unless otherwise agreed, the stipulation of the Deed of Merger is planned for the 10th (tenth) business day following the date when the last of the Conditions Precedent occurs (or is waived) (the “**Closing Date**”), unless, at this date, an Antitrust Proceeding is pending (and the Condition Precedent indicated in letter (g)) above is not applicable, in which case the closing date of the Transaction may be postponed (on the joint request of VOD EU and VOD or on the request of Inwit or TIM, together or separately) at the earlier of:

- (i) the 10th business day following 30 June 2020;
- (ii) the 10th business day following the conclusion of the Pending Antitrust Case,

it being also agreed that if the Pending Antitrust Case has not been concluded by date (i) above, the parties will in any case close the Transaction on the 10th business day following 30 June 2020 as long as the Conditions Precedent have been satisfied (or waived).

With regards to the above, on November 18, 2019, TIM and VOD EU notified Inwit and VOD Towers, respectively, that upon the outcome of consultations with the European Commission, TIM and the Vodafone Group will report the Transaction pursuant to Regulation (EC) 139/2004. Therefore, the Condition Precedent stated in letter (g) above must be deemed applicable and the Long Stop Date is set (per the corresponding definition) as October 31, 2020.

Note that if the Conditions Precedent are not satisfied (or waived) by the Long Stop Date, the Transaction risks not being concluded, unless the parties to the Framework Agreement decide to postpone the Long Stop Date. At this time it is difficult to estimate when the Conditions Precedent might be satisfied, especially as concerns letter (g).

The Framework Agreement also states that – if the Closing Date is not on or before April 30, 2020 – the Boards of Directors of Inwit and VOD Towers will consider and jointly decide whether, considering also the directors' duties and applicable laws, they feel it is necessary or in any case advisable to revise the Merger documentation (specifically the financial positions filed for the corresponding shareholders' meetings pursuant to Civil Code Art. 2501-*quater*) and thus convene new shareholders' meetings at both Inwit and VOD Towers to confirm approval of the Merger. In this case, the whitewash procedure would remain in place as far as Inwit is concerned, as would the Swap Ratio, which cannot be modified for any reason.

As regards the voluntary adoption of regulations indicated in Article 2501-*bis* of the Civil Code, based on the commitment letter signed between Inwit and a pool of banks (the “**Banks**”) on July 26, 2019, negotiations are ongoing for a loan transaction between Inwit, in a capacity as borrower, and the Banks, for the disbursement in favour of Inwit of a loan for a total amount of principal of 3,000,000,000 euros (the “**Loan**”). The Financing will consist of three credit facilities: a bridge facility of 1,500,000,000 euros, a term loan facility of 1,000,000,000 euros, and a revolving credit facility of 500,000,000 euros. The purpose is to finance payment of the price for the purchase of the Minority Holding in VOD

Towers and the Extraordinary Distribution, as well as to refinance part of Inwit's debt and cover Inwit's cash requirements.

In light of the above, although Civil Code Art. 2501-*bis* does not apply to this Merger, Inwit and VOD Towers have decided to comply with it on a voluntary basis because the Surviving Company post-Merger will retain debt contracted for the purchase of the Minority Holding in VOD Towers and the Extraordinary Distribution. Therefore,

- (i) in accordance with Article 2501-*bis*, paragraph 2 of the Civil Code, the Merger Plan indicates the financial resources required to satisfy Inwit's post-merger obligations;
- (ii) on September 13, 2019, the administrative bodies of the Merging Companies, pursuant to Article 2501-*sexies* of the Civil Code, filed an application with the Court of Milan to appoint the expert as indicated in Article 2501-*sexies* of the Civil Code, using the possibility, pursuant to Article 2501-*sexies*, paragraph 4 of the Civil Code, to request the appointment of a common expert, tasked with ascertaining, in his/her report, the suitability of the Swap Ratio (as defined herein), and, by virtue of the aforesaid voluntary adoption of Article 2501-*bis* of the Civil Code and, in particular, paragraph 4, the reasonableness of indications in the Merger Plan concerning the financial resources allocated to meet the obligations of the Surviving Company after the Merger. With an order filed on October 2, 2019, the President of the Court of Milan appointed BDO Italia S.p.A. as the expert;
- (iii) the administrative bodies of the Merging Companies, pursuant to Article 2501-*bis*, paragraph 5 of the Civil Code, assigned PricewaterhouseCoopers S.p.A. (“**PWC**”), the independent auditors appointed to carry out the statutory auditing of the accounts of Inwit, to issue a report to attach to the Merger Plan. The report of PWC, pursuant to Article 2501-*bis*, paragraph 5 of the Civil Code, is attached to this Merger Plan under Annex “A”.

1. Merging Companies

1.1 *Surviving Company*

Inwit - Infrastrutture Wireless Italiane S.p.A., an Italian joint-stock company with registered office at Via Gaetano Negri 1 in Milan, no. 08936640963 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 600 million euros fully paid-in, represented by 600,000,000 ordinary shares without par value traded on the Electronic Stock Exchange (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A.

According to the information on CONSOB's website as of October 16, 2019⁽¹⁾, the following parties have holdings in Inwit that exceed the 5% threshold pursuant to Art. 120 TUF:

Declarant or party at the head of the shareholding chain	Direct shareholder		% of voting capital held				% of ordinary capital held				
	Name	Title to possession	% held	of which: without vote				% held	of which: without vote		
				% held	Voting right held by		% held		% held	Voting right held by	
					Name	% held				Name	% held
TIM	TELECOM ITALIA S.p.A.	Ownership	60.033	0.000			60.033	0.000			
		<i>Total</i>	60.033	0.000			60.033	0.000			
		<i>Total</i>	60.033	0.000			60.033	0.000			

TIM also exercises management and coordination of Inwit, pursuant to Civil Code Arts. 2497 and following.

1.2 *Non-Surviving Company*

Vodafone Towers S.r.l., an Italian limited liability company with registered office at Via Lorenteggio 240 in Milan, no. 10934930966 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 10,000.00 euros.

The following table lists the shareholders of the Non-Surviving Company as of the date of the Merger Plan:

Shareholder	% share capital
VOD EU	100%

At the Effective Date, following the closing of the Sale, the shareholders of the Non-Surviving Company will be as follows:

Shareholder	% share capital
VOD EU	56,6%
Inwit	43,4%

⁽¹⁾ http://www.consob.it/web/area-pubblica/quotate/documenti/assetti_proprietari/semestre2-2019

2. New By-Laws of the Surviving Company

With the approval of the Merger Plan, the extraordinary shareholders' meeting of Inwit will be convened to resolve on the adoption of the new By-Laws of the Surviving Company in the wording attached to this Merger Plan under Annex "B" (the "**New By-Laws**"). The by-laws currently in effect of the Surviving Company are under Annex C (the "**Current By-Laws**"). The New By-Laws will come into effect on the Effective Date.

The main proposals to amend the wording of the New By-Laws are given below, which comprise a re-wording of the articles of the By-Laws listed:

- (a) Article 5 (*Capital measurement*): it is proposed to make amendments necessary to take into account the issue of New Inwit Shares serving the Swap Ratio (cf. paragraph 3 of this Merger Plan);
- (b) Paragraph 11.2: a qualified quorum is proposed for some resolutions of the shareholders' meeting that are particularly significant concerning, inter alia, extraordinary transactions, amendments to the by-laws or, in some cases, capital increases and reductions, authorisations for related-party transactions that are "material";
- (c) Art. 13 (*Composition of the Board of Directors*): a new procedure is proposed for the slate voting to appoint the Board of Directors and consequently to replace members appointed in this way, and for a different total number of Board members;
- (d) Paragraphs 16.3 and 16.4: a qualified quorum is proposed for some resolutions passed by the Board which are particularly significant;
- (e) Article 22 (*Board of Statutory Auditors*): a new procedure is proposed for the slate voting to appoint the Board of Statutory Auditors and consequently to replace members appointed in this way.

Each proposal to amend the By-laws put to the Shareholders' Meeting of Inwit is explained in the Report of the Board of Directors of Inwit.

3. Swap Ratio

The Merger consists of the absorption of VOD Towers by Inwit pursuant to and for the purposes of Civil Code Arts. 2501 and following.

Inwit will carry out the Merger through (i) the cancellation without a share swap of Inwit's holding in VOD Towers purchased through the Sale, (ii) the cancellation of the holding of VOD EU in VOD Towers remaining after the closing of the Sale and (iii) the assignment to VOD EU, at the Effective Date, of the New Inwit Shares, equal to 360,200,000, to serve the Swap Ratio.

The "**Swap Ratio**" must therefore mean the swap ratio for the Merger corresponding to New Inwit Shares, equal to 360,200,000, without par value indicated, assigned to VOD EU for the cancellation of its remaining holding in VOD Towers after the closing of the Sale.

Pursuant to Article 2501-*quater* of the Civil Code, the following financial position of the Merging Companies will apply to the Merger Plan: (a) for Inwit, the quarterly financial position as at September 30, 2019, approved by its Board of Directors on November 5, 2019 and (b) for VOD Towers, the financial position as at September 30, 2019, approved by its Board of Directors on November 13, 2019, and which only refers to the statement of financial position of VOD Towers (and not to the income statement and notes), at the aforesaid reporting date, in keeping with the fact that VOD Towers, up to the effective date of the Spin-off, will not be active and therefore will have no movements recognised in the income statement.

These financial positions now serve as baselines for the Merging Companies in accordance with Civil Code Art. 2501-*quater*, given the time that has elapsed since signature of the Framework Agreement,

which originally set the baseline positions for the Merger pursuant to Civil Code Art. 2051-*quater* as Inwit's financial position at June 30, 2019 and VOD Towers' financial position at August 31, 2019.

XXXXXXXXXX To supplement the Merging Companies' baseline financial positions pursuant to Civil Code Art. 2501-*quater*, considering that VOD Towers and Inwit will not be merged until the Spin-off has taken place, the annexes to the Merger Plan also include (Annex "D") VOD's financial position for the Towers Unit updated as of September 30, 2019, unaudited and prepared in accordance with Italian GAAP on the basis of VOD's IAS/IFRS-compliant accounts as of that date (while annexed to the Framework Agreement and used for the purposes of the Spin-off was VOD's financial position for the Towers Unit as of March 31, 2019, the closing date of VOD's latest financial period, prepared on the basis of VOD's financial statements drawn up in accordance with Italian GAAP).

As regards the procedure and criteria to determine the Swap ratio, reference is made to the Report of the Board of Directors of Inwit, and to the report of the Board of Directors of VOD Towers, prepared pursuant to Article 2501-*quinquies* of the Civil Code.

4. Procedure to assign the shares of the Surviving Company

On the closing of the Merger, all holdings representing the entire share capital of VOD Towers will be cancelled.

No charge will be made to shareholders for share swap transactions.

No cash settlements are planned.

The New Inwit Shares assigned as a share swap to VOD EU will be listed on the MTA in the same amount as the ordinary shares outstanding of the Surviving Company, and under the centralised management of Monte Titoli S.p.A. on a dematerialised basis pursuant to law, starting from the Effective Date, depending on the Borsa Italiana S.p.A. schedule. This date will be disclosed in a specific press release published on Inwit's website (www.inwit.it).

5. Date from when the New Inwit Shares become profit sharing

The New Inwit Shares will have the same rights date as ordinary Inwit shares outstanding at the Effective Date and will give VOD EU equivalent rights to those of holders of ordinary shares of the Surviving Company outstanding at the time of the assignment.

6. Date when the effects of the Merger become effective

For statutory purposes, the Merger will take effect from the Effective Date; From that date, Inwit will take over all the relationships previously held by VOD Towers, assuming the associated rights and obligations.

The Effective Date, which in any case is not before the date of registration with the Companies' Register as required by law, will be indicated in the Deed of Merger and in any case will be disclosed in a specific press release published, among others on Inwit's website (www.inwit.it).

The Merger will also be effective from the Effective Date for tax and accounting purposes (with the consequent allocation of the operations of the Non-Surviving Company to the financial statements of the Surviving Company).

7. Treatment for particular categories of shareholders and holders of equity other than shares

There are no categories of shareholders with particular or preferential treatment in the context of the Merger.

8. Particular advantages proposed for entities administering the Merging companies

There are no particular advantages for members of the administrative boards of the Merging Companies.

9. Withdrawal rights

It should be noted that the Merger (including the adoption of the New By-Laws) does not give the right of withdrawal to shareholders who do not approve it, since it does not satisfy any of the cases of withdrawal identified by Article 2437 of the Civil Code.

10. Indication of the financial resources planned to meet the obligations of the Surviving Company *after the Merger*

10.1 *The Combined Plan*

As mentioned in introduction to this Merger Plan, although the Merger is not the result of an acquisition with debt and therefore Civil Code Art. 2501-*bis* does not apply, Inwit and VOD Towers have decided to comply with its provisions on a voluntary basis because the Surviving Company post-Merger will retain debt contracted for the purchase of the Minority Holding in VOD Towers and the Extraordinary Distribution (if any).

Pursuant to Article 2501-*bis* of the Civil Code, the Merger Plan will indicate the financial resources required to meet the obligations of the company after the merger and the report indicated in Article 2501-*quinquies* of the Civil Code will indicate the reasons justifying the transaction and will contain an economic and financial plan indicating the source of financial resources and describing the objectives to be achieved.

Therefore, including for the purpose of assessing the sustainability of the debt post-Merger, Inwit's management has prepared an economic and financial plan for the period 2019-2027 (the "**Combined Plan**"), approved by Inwit's Board of Directors on November 18, 2019 at the same time the Merger Plan was approved.

The Combined Plan is based on 2019-2027 economic and financial projections for Inwit and VOD Towers (assuming the completion of the Spin-off) in a standalone perspective, according to Inwit's and VOD's management teams.

Within the confines of the information in its possession and the restrictions posed by antitrust law, the Board of Directors of VOD Towers, without having conducted independent tests or assessments of the Combined Plan or the assumptions on which it was developed by Inwit's management – including in consideration of the antitrust restrictions – and without prejudice to the commitments VOD has assumed under the Service Agreements, took note of the Combined Plan on November 18, 2019 for the purposes of preparing the Merger documentation.

The Boards of Directors of Inwit (as far as Inwit's performance is concerned) and of VOD Towers (concerning the performance of VOD Towers post-Spin-off) report that as of the Merger Plan approval date, there have been no significant events or noteworthy departures from expectations;

For a description of the Combined Plan, reference is made to the Report of the Board of Directors of Inwit.

10.2 *Debt taken on by Inwit for the Transaction*

In order to conduct the Transaction, including the purchase of the Minority Holding in VOD Towers and the Extraordinary Distribution (if any), on the Closing Date Inwit and the Banks will sign the contract for the Financing, to be disbursed on that date under the terms and conditions reported in the commitment letter signed by Inwit and the Banks on July 26, 2019.

As mentioned, based on the numbers in the Combined Plan, Inwit estimates it will use 2,970 million euros of the Financing to complete the Transaction (the "**Debt**"). Specifically, the funding for the Transaction would be raised as follows:

- (i) 1.5 billion euros through an 18-month bridge facility ("**BF**"), extendable for a further six months, repayable all at once with interest charged at the Euribor plus 90-270 bp, depending on duration (starting spread: 90 bp);
- (ii) 1 billion euros through a five-year term loan facility ("**TLF**"), repayable all at once with interest charged at the Euribor plus 100-275 bp, depending on the leverage ratio (initial spread: 155 bp);
- (iii) an additional 470 million euros through a five-year revolving facility ("**RF**") of 500 million euros, with interest charged at the Euribor plus 70-245 bp, depending on the leverage ratio (initial spread: 125 bp).

In accordance with the commitment letter, the Financing agreements will require Inwit – as from December 31, 2020 – to maintain its ratio of total net debt to EBITDA at 7.0x or lower, to be checked every six months.

The BF, TLF, and RF are meant to service: (i) the loan for the acquisition of the Minority Holding in VOD Towers and all related costs and fees; (ii) the Extraordinary Distribution; (iii) the refinancing of any existing debt held by Inwit; and (iv) cash needs, if any.

Inwit's cost of debt post-Merger, through this use of the bank facilities, is estimated at 1.5% to 1.7% on the basis of current interest rates depending on when the BF is refinanced.

Inwit, as reflected in the Combined Plan and as shown in the table below, expects to have 4.0 billion euros of debt as of December 31, 2020 (assuming a Closing Date of June 30, 2020). Note that:

- the BF is represented prudently as the current portion of bank debt, hence assuming it is refinanced sometime after December 31, 2020. As described above, however, Inwit plans to refinance the BF (which is temporary by definition) immediately after the Closing Date, with a medium/long term loan; likewise, immediately after the Closing Date, Inwit plans to pay back all or part of the RF drawdown by taking out a medium/long term loan;
- finance lease liabilities mostly concern the adoption of IFRS 16.

<i>(Billions of euros)</i>	2020E
Banks debt	2.9
- of which current	1.9
- of which non-current	1.0
Leasing liabilities and other financial liabilities	1.1
Net Financial Debt	4.0

10.3 *Financial resources planned to meet the obligations of the Surviving Company after the Merger*

Inwit's Board of Directors believes that the Surviving Company post-Merger will be able to satisfy the obligations of the Merger with the resources it expects to generate under the Combined Plan – which has undergone a specific independent business review (the "**IBR**") by Analysys Mason – and by accessing the bond and credit markets to refinance the BF and reimburse the RF.

Regarding the resources the Surviving Company expects to generate:

- revenue and cash flow are expected to be lower yet still sizable and stable, even in the event of

unfavourable scenarios as presented in the Sensitivity Analysis (see below);

- the cash expected to accumulate in the Combined Plan before the distribution of dividends, determined each year by the Board of Directors in office, is almost equal to the amount of debt taken out to conduct the Transaction and allows a drastic reduction in debt, as confirmed by the Sensitivity Analysis (see below);
- this cash, of course, is available for complementary and alternative uses, such as the repayment of maturing loans, the distribution of dividends, the pursuit of extraordinary operations, and so forth. The analysis has been conducted solely from the *ex-ante* perspective available to Inwit's Board of Directors as of November 18, 2019, that is, with a view to judging whether these resources, before their possible future use for other purposes, can ensure that the debt is sustainable.

As mentioned above, the 1.5 billion euro BF has a duration of 18 months (extendable for an additional 6 months) and will be repaid in full at maturity. The company plans to refinance the BF through direct recourse to the bond market, so it can diversify its sources of funding and obtain the best mix of maturities and costs. In keeping with the temporary nature of this facility, Inwit is likely to refinance it during the first market window following the Closing Date.

The table below shows the trend in expected cash flows (generated and absorbed) during the life of the Combined Plan, making it possible to assess Inwit's capacity post-Merger to meet the obligations arising from the Transaction pursuant to the second paragraph of Civil Code Art. 2501-*bis* (including those associated with the Financing), assuming the shareholders adopt a payout policy that sets dividends at approximately 80% of each year's net profit.

<i>(Billions of euros)</i>	2020E 6 months⁽²⁾	2023E⁽³⁾	2027E⁽⁴⁾
Cumulated Operating Cash Flow (net of taxes) ⁽¹⁾	0.2	1.7	4.3
Cumulated Capex	(0.1)	(0.7)	(1.1)
Cumulated Cash Flow for debt service	0.0	1.0	3.2
Cumulated financial expenses	(0.0)	(0.2)	(0.4)
Cumulated change in financial liabilities	(0.0)	(0.1)	(0.5)
Cumulated FCFE	(0.0)	0.7	2.3
Cumulated ordinary dividends	--	(0.7)	(2.1)
Cumulated Cash Flow	--	--	0.2
Net Financial Debt/EBITDA	5.7x	4.2x	3.0x

Notes: (1) Calculated as EBITDA – change in net working capital – change in provisions – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16 – Taxes; (2) Assuming a Closing Date of June 30, 2020. Cumulative figures from June 2020 to December 2020; (3) Cumulative figures from June 2020 to December 2023; (4) Cumulative figures from June 2020 to December 2027.

Regarding the post-Merger payout policy, according to the Shareholders' Agreement that TIM and VOD EU have committed to sign at the Closing Date (the key content of which has already been published in accordance with Art. 122 TUF and Art. 130 of the Issuers' Regulation), "*subject to the decision*

of Inwit's Board of Directors, which will consider, among other factors, Inwit's business plan, expectations for growth and cash generation, rating, and available strategic options, TIM and VOD EU agree that Inwit will aim to distribute an annual dividend of at least 80% of the year's net profit (adjusted for one-off and non-recurring items)."

Sensitivity Analysis

Inwit's analysis of its ability as Surviving Company to pay back the Debt on time, which it conducted with assistance from leading independent advisors, is based on the Combined Plan (base scenario) and on unfavourable alternative scenarios (the "**Sensitivity Analysis**") that simulate varying degrees of failure to reach the following goals:

- Development of small cells;
- Revenue from the rental of macro sites to tenants other than TIM and Vodafone;
- Gradual renegotiation and improved efficiency of ground leases.

A less likely stress test scenario was also developed, combining the three unfavourable scenarios and assuming they all occur at the same time.

Another measure of debt sustainability is compliance with one of the most common financial covenants included in loan agreements, i.e. the ratio of net debt to EBITDA. In all scenarios (base and unfavourable), the ratio is satisfactory. In detail:

	Cumulated Cash Flow for debt service (Billions of euros)			Net Financial Debt/EBITDA (x)		
		2023E	2027E		2023E	2027E
Small Cells	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.1	75%	4.3x	3.1x
	63%	1.0	3.1	63%	4.3x	3.1x
	50%	1.0	3.1	50%	4.4x	3.2x
Revenues macro sites 3rd party	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.0	75%	4.3x	3.1x
	63%	1.0	3.0	63%	4.4x	3.1x
	50%	0.9	2.9	50%	4.4x	3.2x
Ground lease	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.1	75%	4.2x	3.0x
	50%	1.0	3.1	50%	4.2x	3.0x
	25%	1.0	3.1	25%	4.3x	3.1x
Stress test		0.9	2.7		4.8x	3.6x

Even in the case of the stress test, the less likely occurrence in which all three unfavourable scenarios happen at once, Inwit would generate an estimated 2.7 billion euros in cumulative cash flow to service its debt and achieve a debt/EBITDA ratio of 3.6x at the end of the Combined Plan period.

The foregoing is without prejudice to changes, additions and updates, also numerical, to this Merger Plan and to the New By-Laws, permitted by law or requested by the competent supervisory authorities or by competent offices of the companies' registers.

The documentation required by Article 2501-*septies* of the Civil Code will be filed according to the terms and procedures established by law and will remain filed until the Merger has been decided.

List of annexes:

Annex “A”: report provided by PWC pursuant to Article 2501-*bis*, paragraph 5 of the Civil Code;

Annex “B”: New By-Laws;

Annex “C”: Current By-Laws;

Annex “D”: Towers Unit financial position at September 30, 2019.

Milan, 18 November 2019

Inwit – Infrastrutture Wireless Italiane S.p.A.

Vodafone Towers S.r.l.

Piergiorgio Peluso – Chairman

Barbara Cavaleri – Chairman