MANUTENCOOP

Zola Predosa, April 28, 2017

The following discussion updates certain of the risk factors and legal proceedings described in the Offering Memorandum dated July 26, 2013 and subsequent disclosures made to bondholders.
We confirm that the substance of the other risk factors described in the Offering Memorandum remains applicable to the group.

Risk factors

Risks related to our business

If major customers terminate their service contracts with us prior to the end of the relevant contractual term or select another provider following expiration of such contracts or otherwise renew such contracts on less favorable terms, and/or if we are unable to establish new customer relationships, our business, financial condition and results of operations could be adversely affected.

We perform the majority of our work for customers under contracts with a fixed term and, in some cases, with termination clauses permitting the customer to terminate the contract at the customer's discretion upon an agreed notice period. While we strive to maintain long-standing ties with our customers, there can be no assurance that our customers will not exercise their rights to terminate their contracts prior to expiration or that we will be successful in seeking compensation under applicable laws for terminated contracts or we will be able to negotiate new contracts with customers. In case of termination of a contract at the discretion of PSE and healthcare customers, applicable law may limit the damages for which we are eligible. Contract terminations or dissatisfaction with our services may damage our reputation and make it more difficult for us to obtain similar contracts with other customers.

For the year ended December 31, 2016, our top 20 customers (which may include affiliates of the same groups) accounted for approximately 30.6% of our total revenues while our top 10 customers accounted for 20.1% of our revenues. The termination of a contract by a single key client of ours or the failure to fully renew existing arrangements with key clients could adversely affect our results of operations or harm our reputation. For example, in 2013, the renegotiation of our main contract with Telecom Italia led to a significant decrease in volume of our services for this customer which negatively affected the results of our Facility Management Segment in 2014 compared to 2013.

The termination or failure to renew or the renewal on less favorable terms of contracts with key customers of the Group could result in the loss of some or all our business with such key customers and we may not be able to quickly and efficiently redeploy personnel, facilities or equipment that are currently dedicated to servicing such customers' assets.

Moreover, certain contracts entered into by us with some of our other customers may be terminated in case of change of control or in the event of breach by us of any of the provisions of our organizational model adopted pursuant to LD 231 and/or our Ethic Code (*Codice Etico*), as well as in the event of criminal proceedings involving one or more members of our corporate bodies or key employees. For example, in

February 2016, Telecom Italia informed us of its intention to exercise its contractual right of withdrawal as a consequence of the indictment of our former chief executive officer, Mr. Claudio Levorato, in connection with a criminal proceeding (see "*Developments in legal proceedings—Criminal investigation (Brindisi)*" below). In May 2016, following the resignation of our former chief executive officer, the improvement of our internal and compliance system and a change in our governance, Telecom Italia decided to waive its right of withdrawal. Accordingly, the contract will remain effective until the date of its original expiry and we believe that, following the changes to the Company's governance, the grounds on which Telecom Italia based its withdrawal no longer apply.

If any of the contracts with our major customers are either terminated or not renewed in the future or renewed on less favorable terms, such termination, non-renewal or renewal on less favorable terms could materially and adversely affect our Group's business, financial condition and results of operations.

We may be unable to obtain the performance bonds, securities or guarantees we need to compete in certain public tenders or due to our failure to perform our obligations, counterparties may make claims under performance bonds we have posted.

In the ordinary course of our business and, in particular, to be able to participate in competitive tenders, enter into contracts with customers or receive advances or payments from them during the outsourced service arrangement, we are required to provide customers with bank guarantees and/or insurance bonds (including bid, advance payment, performance or guarantee bonds). Our ability to obtain such performance bonds and guarantees from banks and/or insurance companies depends on such institutions' assessment of our Group's overall financial condition, and in particular of the financial condition of the individual Group company concerned, of the risks of the service to be provided, and of the experience and competitive positioning of the company concerned in the sector in which it operates.
If we are unable to obtain new bonds and guarantees or if we renegotiate existing bonds and guarantees on less favorable economic terms or if we are required to pay penalties in event that we default on our obligations, our ability to obtain new orders could be impaired or become significantly more costly, which could have a material adverse effect on our business, financial condition and results of operations.

As a result of the Italian Competition Authority (the "ICA") ruling on January 20, 2016, levying a €48.5 million fine against the Group (the "ICA Decision"), on February 4, 2016, CONSIP S.p.A. ("Consip") informed MFM S.p.A. that it had acquired ex officio a copy of the ICA Decision and had initiated a procedure aimed at determining whether the ICA Decision entitles Consip to terminate the Consip School Framework Agreements. In such letter, Consip also stated that the termination of the Consip School Framework Agreements would grant Consip the possibility to exclude MFM S.p.A. from future Consip tenders and inform ANAC (Autorità Nazionale Anticorruzione – i.e. the Italian authority with powers to, inter alia, oversee public tender procedures) of the termination.

In a subsequent notice dated February 26, 2016, the Authority accepted our request to stay the procedure pending the outcome of the appeal before the Administrative Regional Tribunal (against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*) (the, "TAR") based in Rome.

On March 21, 2016 the Company appealed the merits of the ICA Decision before the TAR Lazio, requesting the suspension of the enforcement of the ICA Decision and relief from payment of the fine. On October 14, 2016 the TAR Lazio partially rejected the appeal filed by the Company against the ICA Decision holding that the Alleged Antitrust Infringement had occurred but partially upheld the Company's appeal by annulling the €48.5 million fine on the basis that the ICA did not correctly evaluate the seriousness of the infringement and referred the case back to the ICA, to reassess the fine (the "TAR Lazio Judgment"). Following the TAR Lazio Judgment, the ICA reduced the original fine from €48.5 million to €14.7 million and on February 21, 2017 we appealed the new determination before the TAR Lazio, requesting the suspension of the enforcement of such new determination and arguing, inter alia, that the ICA should have involved the Company in the reassessment process and did not comply with the TAR Lazio's evaluations in respect of the reassessment.

On March 24, 2017 the TAR Lazio rejected the request of suspension of the enforcement of such new determination. We have not yet made any payment of the €14.7 million fine and we have applied for deferral of payment. As of April 28, 2017, the ICA has ruled on the matter, granting the application of the installment of the fine, which will be paid in 30 monthly equal amount installments, including interests calculated according to the legal rate (equal to 0.1% as of today) starting after 10 days from the date of notification of the measure.

In addition to appealing the reduced determination of the fine, on December 6, 2016, we also appealed the TAR Lazio Judgment before the State Council (*Consiglio di Stato – i.e.*, the Italian Supreme Administrative Court – the "MFM State Council Appeal"). On December 29, 2016, the ICA also appealed the TAR Lazio Judgment before the State Council (the "ICA State Council Appeal"), challenging the section of the TAR Lazio Judgment in which the TAR Lazio referred the case back to the ICA for reconsideration of the fine. On February 28, 2017 the State Council published its decision on our and the ICA's appeals, upholding the TAR Lazio Judgment, thus confirming the reduced fine, and rejecting both our appeal and the ICA Appeal (the "State Council Judgment"). We are currently challenging the State Council Judgment before the Italian Supreme Court (*Corte di Cassazione*) alleging, *inter alia*, that the State Council exceeded its jurisdiction (the "Supreme Court Appeal"). For a detailed analysis of the ongoing litigation concerning the ICA Decision and the Consip School Tender in general and the related risks see our 2016 Financial Statements and in particular note 34.

On November 23, 2016, Consip notified to us its decision to terminate the Consip School Framework Agreements (the "Consip Termination Letter") on the basis of the TAR Lazio Judgment in relation to the Alleged Antitrust Infringement. The Consip Termination Letter also mentioned that Consip intended to inform ANAC and the Office of the Public Prosecutor (Procura della Repubblica) of the termination and related facts. We have not been informed of the existence of any potential criminal investigation started by any Office of the Public Prosecutor in Italy against it in relation to the Consip School Tender. As of the date of this risk factors update document, we cannot speculate as to which crime, if any, an Office of the Public Prosecutor could potentially open an investigation on in relation to the Consip School Tender, and, consequently, we are unable to assess any potential negative effect on MFM's business, reputation or result of operations that could be triggered by such potential investigations.

Consip further informed the Company that, as a consequence of the termination of the Consip School Framework Agreements, the schools and other public entities which entered into the various supply agreements for school cleaning and other services implementing the Consip School Framework Agreements (the "Underlying Implementing Service Agreements" or "UISA") would be merely entitled, but not required, to terminate the applicable Underlying Implementing Service Agreements.

The services which have not yet been performed during the remaining life of the UISA are secured by three performance bonds associated with the three Consip School Framework Agreements originally entered into by the Issuer (the "Consip School Performance Bonds").

Furthermore, Consip, through the Consip Termination Letter, expressly reserved the right to enforce the Consip School Performance Bonds.

As of the date of this risk factors update document 2016 our management estimates the value of the Consip School Performance Bonds calculated on the remaining life of the UISA, which is the maximum amount that Consip would be entitled to enforce under the performance bonds, to be approximately €17.5 million (compared to an original amount of €24.5 million). The Consip School Performance Bonds are first-demand guarantees. Accordingly, if Consip were to enforce such bonds, the relevant provider of the performance bonds would be required to make a payment immediately upon Consip's request, to then seek immediate reimbursement from us.

As of the date of this risk factors update document, none of the Consip School Performance Bonds has been subject to enforcement proceedings.

Should any proceeding for the enforcement of the Consip School Performance Bonds start, we intend to challenge such request before the competent courts.

Our ability to manage our labor costs is primarily dependent upon provisions of the collective bargaining agreement applicable to cleaning and facility management that allow the transfer of employees to and from the Group upon the awarding or loss of a contract for cleaning and/or facility management, as applicable.

As of December 31, 2016, approximately 12,894 employees, approximately 89% of our total employees, are employed pursuant to CCNL Multiservizi, compared to 13,967 (or 85% of total employees) as of December 31, 2015 and 11,800 (or 80% of total employees) as of March 31, 2013. Article 4 of CCNL facilitates, under certain circumstances, the transfer of employees from one outsourced provider of cleaning and facility management to another upon the expiration or termination of a contract to provide such services to a PSE, healthcare customer or private sector customer, which has the effect of reducing liabilities for exiting providers and reducing startup costs for incoming providers. Any future labor law reforms, renegotiation of the CCNL with trade unions and other parties and/or new case law could hinder or significantly reduce our ability to manage our labor costs by increasing liabilities in cases where we are the exiting provider (i.e. employee severance indemnities) or by increasing startup costs where we are the incoming provider (i.e. cost of recruiting and training new personnel) which could also have a material adverse effect on our business, financial condition and results of operations.

We may be deemed liable for damages caused by our TJA partners/subcontractors and have responsabilities towards their employees.

In carrying out our activities, we partner with third parties in TJAs and we subcontract certain services to third party companies. Reliance on TJA partners and/or subcontractors reduces our ability to directly control the workforce and the quality of the services provided. Accordingly, we are exposed to risks relating to managing TJA partners and subcontractors and the risk that they may fail to meet agreed quality benchmarks under the contract or to generally comply with applicable legislative or regulatory requirements. In case of default by a TJA partner/subcontractor, we may be deemed jointly liable for any damages suffered by the customer as a consequence of such default, especially when such TJA partner/subcontractor renders services as an input to services provided in conjunction with the Group. While TJA partners are each liable to the customer and our subcontracts usually provide for an indemnity from the subcontractor to cover our costs in case of such a claim as well as the assignment of claims and other provisions regarding the enforcement of the contract, we cannot assure you that customers or courts will agree and will not impose sanctions on us or prevent us from participating in future public tenders.

Under Italian law, concession holders have responsibilities towards the concession-granting authority with respect to the conduct and quality of work of such concession holder's subcontractors and the actions of the subcontractor's employees. Duties that the law recognizes include the following duties of the concession holder and imposes joint and several responsibility for any resultant breach thereof: to maintain a safe work environment, to supervise the quality of the subcontractors' work product and to monitor and cause the subcontractors pay salary, social security and tax payments to the subcontractor's employees for the duration of the subcontract and for two years after its expiration.

The Issuer has become party to an action before the Court of Ivrea regarding a March 19, 2013 fire in the former Olivetti area at Scarmagno (Turin). Three of the Issuer's employees, the owner of one of the Issuer's sub-contractors and the owner of the firm that stocked combustible material have been charged with negligence and violations of safety regulations that caused the fire to start and spread over a large area following the performance of facility management services. At a hearing on October 14, 2015, the Issuer was joined to the claim by the plaintiffs, as a severally liable party in respect of financial and non-financial damages. At a hearing on December 23, 2015, the Issuer appeared as a severally liable party in respect of all the financial and non-financial damages. The request for damages amounts to approximately €4 million. On February 24, 2017, the Criminal Court of Ivrea ruled the full acquittal of all the defendants; the motivations of such decision have not been published; both the Office of the Public Prosecutor before the Court of Ivrea and the aforementioned plaintiffs can still challenge such decision before the Criminal Court of Appeal of Ivrea.

In relation to the same fire event, the three insurance companies involved paid the injured parties over €38 million in damages and then formalized through a letter request their application to recover the damages

from both the individual persons charged and their employers, including the Issuer. The claim for damages activated through such letter request amount to approximately €50 million in total, including the claims from the owners of the properties affected and the above-mentioned insurance company claims.

In addition, on February 24, 2017, AIG Europe Limited, one of the three mentioned insurance companies also brought a suit against the Issuer before the Civil Court of Milan aimed at recovering the damages allegedly caused by the Company's employees; the first hearing is scheduled on June 6, 2017. Such request for damages amount to €187,130. Should AIG prevail in such proceeding, we believe that the other insurance companies involved would have significant chances to prevail in any civil action they should bring against us. No specific reserve has been set aside for this matter, as after careful consideration of the facts available and following the decision of acquittal at first instance, the Directors have deemed that the risk is possible but absolutely not probable.

We are susceptible to claims of anti-competitive practices.

We may be accused of the abuse of our position or the use of anti-competitive practices. Any such claims could adversely affect our reputation, potentially result in legal proceedings that could have an impact on our business, financial condition and results of operations and require us to divest assets in markets where we have a leading position. For example, in addition to the Consip School Tender Litigation (See also "*We may be unable to obtain the performance bonds, securities or guarantees we need to compete in certain public tenders or due to our failure to perform our obligations, counterparties may make claims under performance bonds we have posted*"), on 23 March 2017 the Issuer was informed that the Authority has opened an investigation against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service s.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), Manitalidea S.p.A., Romeo Gestioni S.p.A. and the Issuer to ascertain whether such companies have committed an infringement of competition rules by entering into an unlawful agreement in relation to the participation in the tenders arranged in 2014 by Consip for the awarding of facility management services in the premises mainly used as offices by Italian public entities (the "FM4 Tender"). As indicated by the Authority, the investigation should be concluded by May 30, 2018, being now at its preliminary stage. The Issuer is confident that the outcome of it will confirm the full legitimacy of its behavior and will continue to vigorously defend its positions.

Since part of our overall strategy is to be a market leader in the markets where we operate, and taking into particular consideration our leading position in Italy, we may, in the future be, continue to be accused of the abuse of our position or the use of anti-competitive practices. Any such further claims could adversely affect our reputation, potentially result in additional legal proceedings that could have an effect on our business, financial condition and results of operations and require us to divest assets in markets where we have a leading position.

Such claims could also impair our ability to conduct acquisitions accretive to our business. Before certain future acquisitions may be consummated, we may need to seek approvals and consents from regulatory agencies or there may be applicable waiting periods that will need to expire. We may be unable to obtain such regulatory approvals or consents, or in order to obtain them, we may be required to dispose of assets or take other actions that could have the effect of reducing our revenue. Even if regulatory authorities do not require disposals or other actions, the regulatory approval process triggered by our market position or claims of anti-competitive practices may have the effect of delaying acquisitions.

Our operations could be adversely affected if we are unable to retain key employees and/or key members of our management.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategy depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us.

On February 29, 2016, Claudio Levorato resigned from his office as Chairman and CEO of our Management Board. This decision was taken because the Group wanted to prevent the current legal proceedings in which he is involved from adversely affecting its activities, even if no final and non-appealable judgments have been handed down (see "*Developments in legal proceedings—Criminal investigation (Brindisi)*" below). Following Mr. Levorato resignation, certain other members of the Management Board resigned from office which led the Company's Supervisory Board, acting in accordance with our Bylaws, to convene the Shareholders' Meeting in order to appoint the new members of the new Management Board. As a consequence of a structured re-organizational process involving, *inter alia*, the Company's Supervisory Board and the Nominating Committee (*Comitato Nomine*) of MFM S.p.A., and following certain interim governance steps, on November 30, 2016, the extraordinary Shareholders' Meeting of MFM S.p.A. approved our new Articles of Association and changed our corporate governance structure through the replacement of the so-called "dualistic model" including a supervisory board (*modello dualistico*) with the traditional model (*modello tradizionale*), providing for a Board of Directors (*consiglio di amministrazione*) and a separate Board of Statutory Auditors (*collegio sindacale*) with important control functions. All the members of the previous Management Board were confirmed as members of the newly formed Board of Directors, composed of 13 members. Furthermore, Mr. Marco Canale was appointed as Chairman and Mr. Aldo Chiarini as CEO.

Risks related to the Notes, Notes Guarantees and Collateral

The Notes will be structurally subordinated to the liabilities of the Issuer's non-Guarantor subsidiaries.

The Guarantors guarantee the Notes. For the twelve months ended December 31, 2016, the Issuer's non-Guarantor subsidiaries represented approximately 8.6% of our total revenue and 4.3% of our EBITDA, respectively. As of December 31, 2016, the Issuer's non-Guarantor subsidiaries represented 12.2% of our total assets. As of December 31, 2016 our non-Guarantor subsidiaries had approximately €0.6 million of indebtedness outstanding and had significant trade payables and other liabilities outstanding.

Developments in legal proceedings

Criminal investigation (Brindisi).

In relation to the criminal investigation commenced by the public prosecutor of Brindisi (ref. no. 10115/09 RGNR), our former manager under investigation, among others, has been indicted by the office of the public prosecutor (*giudizio immediato*) alleging a criminal conspiracy to obstruct multiple public tenders and disclose non-public information (*associazione a delinquere finalizzata a commettere una serie di turbative d'asta e a rivelare un segreto d'ufficio*). The individual under investigation did not qualify as a relevant manager within the meaning of the Italian Public Tender Laws for purposes of determining eligibility to compete in public tenders. Since the act through which the indictment has been ordered did not mention the allegation of corruption of a public official - which was one of the crimes for which the public prosecutor was originally investigating - we argued that the public prosecutor has dropped that specific charge. In relation to the same facts, we were informed that the office of the public prosecutor of Brindisi has requested to indict (*richiesta di rinvio a giudizio*) additional of employees of ours, including, among others, our former Chairman and CEO, Claudio Levorato, one of our former managers (*ex dirigente*) and a former key executive (*soggetto apicale*) of a controlled entity. A hearing to decide whether to indict these individuals was initially convened on July 16, 2015. On September 17, 2015, at the conclusion of the hearing, an indictment was handed down against the mentioned individuals and all the proceedings mentioned above were joined..
The Apulia Region (*Regione Puglia*) has joined us as the party responsible for the acts of its employees (*responsabile civile*) claiming damages for approximately €3 million. The aforementioned crimes allegedly

committed by our former managers and our former controlled entity manager would not trigger administrative liability for us under LD 231.
We believe we will be successful in defending ourselves against these claims. The next hearing is scheduled on May 17, 2017.

Criminal investigation (AO Santobono)
On 3 April the Naples Public Prosecutor's Office served a search warrant against three managers of the Issuer in relation to an investigation of the tender for the awarding of cleaning services at the Santobono-Pausilipon Public Health Agency (*Azienda Ospedaliera di Rilievo Nazionale Santobono- Pausilipon*). The relevant search of documentation related to the aforementioned tender has been carried out at the Issuer's premises. Our managers under investigation are charged, among other things, with the crime of corruption pursuant to Articles 319 and 319-*bis* of the Italian Criminal Code. Such corruption crime allegedly committed by our managers could trigger administrative liability for us under LD 231. In relation thereto, on April 27, 2017, we have been formally informed by the competent Office of the Judge of the Preliminary Investigations (*Giudice per le Indagini Preliminari*) of Naples that the Public Prosecutor of Naples has requested to the mentioned Judge of the Preliminary Investigations to issue a precautionary order of prohibition from contracting with public authorities (*misura cautelare del divieto di contrattare con la P.A.*) against the Issuer pending the aforementioned criminal investigation. A hearing before the Judge of the Preliminary Investigations of the Court of Naples to discuss such request of issuance of a precautionary order against us is scheduled on May 3, 2017. We are confident that pending investigation will confirm the full legitimacy of our actions and we will continue to vigorously defend our positions.
Moreover, on April 13 2017 the Judge for Preliminary Investigations of the Court of Naples, who had previously taken a precautionary measure, requested by the Public Prosecutor (obligation to stay pursuant to Article 283 of the Italian Code of Criminal Procedure), against one of our managers under investigation (who was a function manager of the Issuer at the time of the alleged crimes were committed), ordered the revocation of such precautionary measure. We have taken actions, within the normal relations with our control bodies, to define any appropriate in-depth analysis to be conducted.

Kind regards,

Aldo Chiarini
Chief Executive Officer