

Zola Predosa, April 26, 2018

*The following discussion updates certain of the operating risk factors (and related legal proceedings) described in the Offering Memorandum dated June 29, 2017 and subsequent disclosures made to bondholders.*

*We confirm that the other risk factors described in the Offering Memorandum, and not updated hereafter, remain applicable to the group with no material changes, unless otherwise indicated.*

*All terms used here with capitalized letters have the same meanings as ascribed to such terms in the Offering Memorandum.*

## Risk factors update as of December 31, 2017

### Risks related to our business

***We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom.***

The Company provides cleaning services to over 550 public schools in Italy pursuant to individual contracts with such schools (the "CONSIP School Contracts"), each governed by framework agreements awarded in November 2013 pursuant to a public tender process (the "CONSIP School Framework Agreement"). The Italian Competition Authority (the "ICA") issued a decision on December 22, 2015 (the "ICA Decision") that the Company and three other competitors violated antitrust rules in the public tender process, assessing fines against the Company and such other competitors. The original fine against the Company was €48.5 million.

Following a series of further administrative and court decisions, the Company's fine was reduced to €14.7 million (due to the lesser degree of the infringement than originally assumed), payable in 30 equal monthly installments starting in May 2017. The Company has appealed the decisions before the Italian Supreme Court on technical and jurisdictional grounds, and a decision is expected in 18 to 24 months. CONSIP also terminated the CONSIP School Framework Agreement in November 2016, which decision the Company appealed in the Civil Court of Rome (and such appeal is still pending). Despite the termination of the CONSIP School Framework Agreement, the CONSIP School Contracts are expected to remain in force until June 30, 2019 pursuant to Law 205/2017.

In addition, the Company could be excluded, on a case by case basis by public contracting entities arranging the applicable tender or upon a decision of an administrative court following a claim by competitors suing to prevent our participation in a tender, from we believe only public school cleaning tenders over a period not exceeding three years. For illustrative purposes, such a general exclusion could result in a potential loss in annual revenues and EBITDA of approximately €43 million and €4.3 million, respectively (assuming the new framework agreement has the approximate value of the prior CONSIP School Framework Agreement), for a period of approximately 4 to 5 years in respect of such school cleaning tenders in the event that the Company is rendered ineligible to participate in all public school cleaning tenders, including for a new school framework agreement

Moreover, concurrently with the potential exclusion risk over a period not exceeding three years mentioned above in respect of school cleaning tenders, the Company could be excluded by public contracting entities arranging the applicable tender or upon a decision of an administrative court following a claim by competitors suing to block our participation in a tender or by regulators from public tenders in any sector on a case by case basis or for all such tenders for up to one year.

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In a decision that we believe falls into this category, in June 2017, the Company was notified by CONSIP of its decision to (i) exclude the Company from new tenders for "barracks cleaning" and "public hospital cleaning" (the "**Excluded Tenders**") relating to the CONSIP School Tender Litigation and (ii) proceed with the enforcement of the Company's bid bond provided in connection with the tender for "public hospital cleaning" (up to €10.4 million).

The Company has promptly challenged the Consip's resolution in relation to the Excluded Tenders before the TAR Lazio, contesting the exclusion and the enforcement of the bid bond. The TAR Lazio, on March 2, 2018 rejected the Company's appeal (the "**TAR Lazio Decision on the Excluded Tenders**"). Moreover, on March 30, 2018 Consip informed us of its request, addressed to the competent insurance company, to enforce the Company's bid bond provided in connection with the tender for the "barracks cleaning". The said insurance company didn't execute such request following the Council of State decision dated April 5, 2018 described below.

Following a further appeal brought by the Company before the Council of State (*Consiglio di Stato*), the latter, on April 5, 2018 suspended the TAR Lazio Decision on the Excluded Tenders. Both the execution of the TAR Lazio Decision on the Excluded Tenders and its effects (including with respect to the enforcement of the performance bonds) are suspended and the hearing on the merit of the Company's appeal is scheduled on June 28, 2018. . Neither of the Excluded Tenders generate revenue for the Group or are included in the Company's backlog. Moreover, the Company has never operated in the barracks cleaning market segment and, with respect to services in the hospital services sector, the Company currently operates with various counterparts and pursuant to various existing contractual relationships, including the CONSIP Mies conventions, conventions with regional authorities or pursuant to contracts awarded directly by clients. CONSIP's decision does not prohibit the Company from participating in and winning future tenders arranged by CONSIP or, more generally, arranged by public authorities. On-going tender procedures remain valid. [In addition, concurrently with the notification described above, the Company received official approval from CONSIP to enter into two contracts from the "Mies 2" tender awarding an integrated multi-services technology contract, including the supply of electricity for buildings used by the public health authorities (the individual contracts have a duration of 5/7 years, at the discretion of the individual authorities, from the activation of the applicable supply, subject to a maximum supply to be provided by the Company for the relevant period equal to €209 million). The Mies2 contracts were finally entered into by the Company on September 20, 2017. In addition, the Company has not received any notice of exclusion in connection with the FM4 Tender (described below)]

For illustrative purposes, on average in the last two years, contracts subject to potential exclusion for up to one year (i.e. all contracts other than Laundering and Sterilization Segment contracts and private sector contracts) accounted for approximately €74 million and approximately €7 million, respectively, in total annual revenue and EBITDA per year for the typical contract duration of approximately five years. Therefore, any potential exclusion which causes us to not be able to participate in tenders during such periods could have a substantial adverse impact on our business over a period of years.

As a result of the CONSIP School Tender Litigation, certain of our competitors have challenged our eligibility to participate in individual public tenders, alleging that we should be excluded since our alleged antitrust infringement constitutes gross negligence or bad faith. Similarly, following the ICA Decision, certain of our competitors have already challenged the eligibility of other companies allegedly involved in our alleged antitrust infringement to participate in certain public tenders, alleging that such companies should be excluded since the alleged infringement constituted serious professional unlawful conduct under applicable law. To date - except for the TAR Lazio Decision on the Excluded Tenders (which is currently suspended, as mentioned above) and for an additional case which is pending completion of the analysis of the awarding entity and in relation to which the Company has promptly appealed its exclusion from the awarding procedure ordered by the competent TAR following a challenge brought by a competitor, before the Council of State - the competent courts (to our knowledge) have rejected such challenges; however, certain of such court decisions could be challenged by our competitors. In addition, certain of our competitors have challenged the eligibility of another company allegedly involved in the alleged antitrust infringement to participate in certain public tenders before the competent regional administration court ("**TARs**"). To date, to our knowledge, the Council of State, acting as a Supreme Administrative Court before which any TAR decision shall be appealed, has rejected such challenges.

The services which have not yet been performed during the remaining life of the CONSIP School Contracts are secured by performance bonds (the "**CONSIP School Performance Bonds**") which the Company might still be liable to payback, if enforced. The Company has accrued provisions of €17.5 million as of December 31, 2017 (unchanged from December 31, 2016) relating to the possible enforcement of the CONSIP School Performance Bonds, while the fine of €14.7 million described above, which was classified as a reserve in



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2016, is now classified as debt of the Company. Any enforcement of the CONSIP School Performance Bonds could adversely affect our liquidity position.

In June 2017, we were informed that a criminal investigation against our former CEO and a current Company employee was concluded in relation to the CONSIP School public tender process. The Public Prosecutor in charge of the case has requested the indictment (*richiesta di rinvio a giudizio*) of the aforementioned individuals. The hearing on the request of indictment was opened on April 20, 2018 (next hearing date to proceed with the discussion has been scheduled on July 6, 2018), moreover a competitor of the Company joined the proceeding, seeking unquantified damages from the aforementioned individuals. However, to date no criminal charges have been filed. The occurrence of one or more of the adverse consequences described above would likely have a material adverse effect on our business, reputation, financial condition and results of operation and could adversely affect our ability to pay interest on the Notes or to repay the Notes at maturity or otherwise refinance the Notes. The estimates provided above may not fully quantify or account for the potential impact on our business or reputation of any adverse consequences related to the CONSIP School tender litigation. See Report on Operations for the year ended 31 December 2017 (Section 8 – Legal Proceedings) and Annual Report 2017 (Notes n. 13) for further information.

***We are involved in a false statement registration proceeding pending before ANAC and we may face significant consequences in respect thereof.***

A False Statement Registration Proceeding against the Company is currently pending following a notice filed by the Santobono-Pausilipon Public Health Agency of Napoli to ANAC (the "**Santobono-Pausilipon False Statement Registration Proceeding**"). The Santobono-Pausilipon False Statement Registration Proceeding is managed by ANAC and should be concluded within 180 days from the notice announcing its commencement (i.e., May 2017). As of the date of this Offering Memorandum we have not received any notice of conclusion of this proceeding. The false statement is alleged to have been committed by the Company while submitting the administrative documentation required in the context of a public tender process launched in 2013 by the Santobono-Pausilipon Public Health Agency of Napoli (the "**Santobono-Pausilipon Tender**"). The Company's exclusion from all current and future public tenders (i.e., all public tenders other than those launched in the Laundering and Sterilization Segment and any tender procedure launched by private entities) as a result of a False Statement Registration cannot exceed one year starting from the False Statement Registration, according to the statement made by ANAC in its note announcing the commencement of the Santobono-Pausilipon False Statement Registration Proceeding (due to the application of the Former Code on Public Procurement to this proceeding). Moreover such exclusion would be general and automatic (i.e., irrespective of the sector and not only in relation to the public tenders managed by the Santobono-Pausilipon Public Health Agency) and would not operate on a case-by-case basis.

In November 10, 2017, ANAC concluded the Santobono-Pausilipon False Statement Registration Proceeding by issuing a decision through which it excluded the Company from all public tenders for 6 months (the "**ANAC Santobono-Pausilipon Decision**"). However, following a prompt appeal brought by the Company before the TAR Lazio against the ANAC Santobono-Pausilipon Decision, which was never given enforceable effect pending the appeal - was overturned and annulled by the TAR Lazio on December 21, 2017 (the "**ANAC Santobono-Pausilipon TAR Lazio Decision**"). ANAC has brought an appeal before the Council of State (*Consiglio di Stato*) against the ANAC Santobono-Pausilipon TAR Lazio Decision seeking the suspension of its effects pending the Council of State's review. Such suspension request was rejected by the Council of State and the next hearing to discuss the merit of the case was scheduled on October 24, 2018. Should a False Statement Registration occur the Company could challenge it before the TAR Lazio and the State Council (in its function of Supreme Administrative Court). However, such registration and the resulting exclusion from participating in the relevant public tenders would be effective even in the event of appeal, unless the appellate court were to enjoin immediately the enforcement pending the appellate court's review.

Protracted litigation is likely which is inherently uncertain and can be costly. In addition, the occurrence of the aforementioned risk would likely have a material adverse effect on our business, reputation, financial condition and results of operation. See "*Business—Legal Proceedings—False Statement Registration proceeding pending against the Company before ANAC following the notice filed by a public-health agency to ANAC.*"

It is difficult to quantify or qualitatively assess the impact of the mentioned risk. However, for illustrative purposes, in the last two years, contracts subject to potential exclusion (i.e., all contracts other than Laundering and Sterilization Segment contracts and private sector contracts) accounted for approximately

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€74 million and approximately €7 million, respectively, in total annual revenue and EBITDA with a typical contract duration of approximately five years.

Therefore, any potential exclusion which causes us to not be able to participate in tenders during such periods could have a substantial adverse impact on our business over a period of years.

We can provide no assurance as to what outcome will be achieved, and even regardless of the outcome, appeals and other related litigation can be lengthy and protracted, and distracting management's attention from our business priorities. The occurrence of the adverse consequences described above in respect of public office cleaning tenders specifically and/or all public contracts (i.e., other than Laundering and Sterilization Segment contracts and private sector contracts) would likely have a material adverse effect on our business, reputation, financial condition and results of operation and could adversely affect our ability to pay interest on the Notes or to repay the Notes at maturity or otherwise refinance the Notes. The estimates provided above may not fully quantify or account for the potential impact on our business or reputation of any adverse consequences related to the Santobono-Pausilipon False Statement Registration, including due to decisions by parties such as private clients or hospitals choosing not to do business with us or other factors that may adversely impact our competitive, financial or market position. See "*Business—Legal Proceedings—False Statement Registration proceeding pending against the Company before ANAC following the notice filed by the Santobono-Pausilipon Public Health Agency of Napoli to ANAC*" and "*Forward-Looking Statements*" for further information.

***We may be unable to obtain the performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce 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, as well as such company's financial and reputational track record, also in terms of previous enforcement of performance bonds and guarantees. 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 the 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.

Our PSE and healthcare customer contracts and certain of our private sector contracts often require performance bonds, primarily to guarantee our performance thereunder. As of December 31, 2017, the Group (excluding associates and investments in project companies) had performance bonds outstanding in the aggregate amount of €236.6 million. These are off-balance sheet items. Performance bonds and penalties present an ongoing potential for substantial cash outflows.

In addition, some of these bonds and guarantees include cross-default provisions which could be triggered if we are in default under other bonds and guarantees, which could significantly intensify the negative effect of a default under these instruments. If our customers were to enforce the performance bonds we were required to post at the time of the relevant contract or tender, we could be subject to material payment obligations which could individually or in the aggregate have a material adverse effect on our business, results of operations and financial condition. For information regarding the potential enforcement of our performance bond pursuant to the CONSIP School Tender and the Excluded Tenders, see "*—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom*" and "*Business—Legal proceedings—CONSIP School Tender Litigation*".

## ***We are susceptible to claims of anti-competitive practices.***

We may be accused of anti-competitive practices. Any such claims could adversely affect our reputation and potentially result in fines, which the law provides are calculated as a percentage of the tender value, with the percentage, being determined by the type of offence. In addition, anticompetitive practices may, under certain interpretations of applicable law or public tenders, be deemed a cause for temporary exclusion from

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future tenders by the public contracting authorities, whether at the initiative of the public authority or as a consequence of lawsuits brought by our competitors. Any such fines or exclusions together with any legal proceedings could have an impact on our business, financial condition and results of operations.

As discussed elsewhere in this Offering Memorandum, the ICA issued a sanction against us in connection with alleged anti-competitive practices relating to the CONSIP School Framework Agreement. See “—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom”.

In addition, on June 19, 2014, the Company tendered to CONSIP for contracts to clean offices used by Italian public entities (the “**FM4 Tender**”). On March 23, 2017, we were informed that the ICA has opened an investigation against the Company and six other competitors to determine if antitrust violations were committed in connection with the FM4 Tender (on November 22, 2017 and on April 18, 2018, eleven additional companies were implicated by the scope of the ICA in the investigation). Moreover, on November 2017, we were also informed that the ICA has extended the scope of its investigation to determine if antitrust violations of the same kind of those under investigation with respect to the FM4 Tender were committed in connection with the “**MIES 2**” and the “**SIE3**” tenders concerning integrated multi-services technology contracts, including the supply of electricity for buildings used by the public health authorities and other public entities (the “**Mies2 Tender**” and the “**SIE3 Tender**”). The investigation is expected to be concluded by December 31, 2018. The allegations in the FM4, MIES2 and SIE3 Tenders are similar to those in the CONSIP School Tender Litigation and the potential consequences in terms of exclusion from public tenders could be similar to those described above in respect of public office cleaning tenders specifically and/or all public contracts (*i.e.*, other than Laundering and Sterilization contracts and private sector contracts) (with significant, but uncertain, adverse financial effects on the Company). To date, the Company has not received any notice of exclusion in connection with the FM4, MIES2 and SIE3 Tenders. If the Company is found to have committed violations and the fines are calculated in a manner consistent with the final fine in the CONSIP School Tender Litigation, we estimate such fine would be up to a maximum of 5% of the approximately €532 million, €209 million and €40 million base tender value for, respectively, the FM4 Tender, the MIES2 Tender and SIE3 Tender. However, there may be a risk that such fine is increased if the violation is deemed a more serious offense than the CONSIP School Tender and/or a repeat offense and additionally, such additional legal liabilities, if definitive, could damage our reputation. In the event the Company were actually excluded from the on-going FM4, MIES2 and SIE3 Tenders, CONSIP could enforce the Company’s bid bonds provided in connection with such tender (equal to approximately € 4 million). At this stage, potential liability cannot be estimated and therefore MFM has not set aside reserves relating to the FM4, the MIES2 and SIE3 Tenders investigation. See “*Business—Legal Proceedings—ICA Investigation on the FM4 Tender*.”

See “—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom” and “Business—Legal Proceedings—CONSIP School Tender Litigation.”

*We may be deemed liable for damages caused by our TJA partners/subcontractors and have responsibilities 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

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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.

We have become party to an action before the Court of Ivrea regarding a fire occurred in March 2013 in the former Olivetti area at Scarmagno (Turin). Three of the Company's employees, the owner of one of the Company'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. We were joined to the claim by the plaintiffs, as a severally liable party in respect of financial and non-financial damages. The Company 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; both the Office of the Public Prosecutor before the Court of Ivrea and the aforementioned plaintiffs have challenged such decision before the Criminal Court of Appeal of Turin. A hearing before such appellate court has not been scheduled yet.

In relation to the same fire event, the three insurance companies involved paid the injured parties approximately €40 million in damages and then formalized through a letter their application to recover the damages from both the individual persons charged and their employers, including us. The claims for damages 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 relation thereto, AIG Europe Limited, one of the three mentioned insurance companies also brought a suit against the Company, the owner of the building and the Company's subcontractor before the Civil Court of Milan aimed at recovering the damages allegedly caused by the Company's employees. Moreover, Generali Assicurazioni joined the proceeding, seeking damages jointly from the Company and one of its subcontractors. AIG Europe Limited's request for damages amount to €187,130, while the request from Generali Assicurazioni €24.3 million. Should AIG and Generali 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 the Company. See “—Business—Legal Proceedings— *Prelios SGR S.p.A. — Scaramagno Fire.*”

***We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees.***

Our employees deliver services within buildings, for specific fixed assets (i.e., telecommunications equipment) and at locations owned or operated by our customers. As a result, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of the customer's property, unauthorized entry or breach of security protocols, negligence or willful misconduct or other tortious acts by our employees or people who have gained unauthorized access to premises through us. Such claims may be substantial and may result in adverse publicity for our Group. Accordingly, these claims could have a material adverse effect on our business, financial condition and results of operations.

In addition, the tender process by PSEs and healthcare customers involves risks associated with fraud, bribery and corruption and the procurement process by private sector customers involves risks associated with fraudulent activity (private bribery). Although we maintain internal monitoring systems, and we have never been convicted, fined or sanctioned in connection with fraud, bribery or corruption, we may be unable to detect or prevent every instance of fraud, bribery and corruption involving our employees or agents in the future. We may therefore be subject to civil, administrative and criminal penalties, also pursuant to the provisions of LD 231 (as defined in *“Business—Regulation”*) and to reputational damage as a result of such occurrences. Investigations and convictions (including non-final and binding ones) with regards to certain scheduled crimes (*moralità professionale*), including, *inter alia*, fraud, bribery and corruption, environmental violations antitrust infringements, false statements to a public contracting authority and crimes against the person or workplace safety violations may expose us to sanctions and penalties, civil and administrative fines, operational bans (including on a precautionary basis—e.g., ordered by the competent authorities pending the investigation phase, thus before a first instance decision on the case has been issued) and render us ineligible to maintain our existing PSE or healthcare customer contracts and/or participate in current and future public tenders. As a result, the involvement or association of our employees or agents with fraud, bribery or corruption, or other relevant violations or allegations or rumors relating thereto, could therefore have a material adverse effect on our business, financial condition and results of operations. See *“Business—Regulation,” “Business—Legal Proceedings,” “—We are involved in false statement registration proceeding pending before ANAC and we may face significant consequences in respect thereof,” “—We are involved in ongoing litigation in respect of an antitrust matter related to a public tender and we may face significant consequences in respect thereof,” “Business—Legal Proceedings—False Statement Registration*

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proceeding pending against the Company before ANAC following the notice filed by the Santobono-Pausilipon Public Health Agency of Napoli to ANAC,” “Business—Legal Proceedings—Bribery investigation (Brindisi)” and “Business—Legal Proceedings—Pending criminal proceeding and investigation involving our Chief Executive Officer relating to matters that occurred at his previous employer.”

For example, on April 3, 2017, the Public Prosecutor of the Court of Napoli served a search warrant and a formal notice announcing the commencement of a criminal investigation against three employees and a former employee of the Company in relation to the alleged bribery by such persons of one or more public officials in the context of the tender for the awarding of certain cleaning services at the Santobono-Pausilipon Public Health Agency (Azienda Ospedaliera di Rilievo Nazionale Santobono-Pausilipon) of Napoli. The employees of the Company are under investigation for the crime of corruption, which could trigger administrative liability for the Company under LD 231. In relation thereto, on April 27, 2017, the Company was formally informed by the competent Office of the Judge of the Preliminary Investigations that the Public Prosecutor requested such judge to issue a temporary injunction prohibiting the Company from contracting with public authorities (*misura cautelare del divieto di contrattare con la P.A.*) against the Company pending the conclusion of the aforementioned criminal investigation.

Following a hearing on May 26, 2017, the judge rejected the temporary injunction, finding that the conditions for such injunction were not satisfied. On August 3, 2017, the Judge of the Preliminary Investigations (GIP) dismissed the investigation as to the position of two of the aforementioned employees, while, on December 28, 2017, the competent Judge for the Preliminary Hearing (GUP) proceeded with the indictment of the remaining employee and the former employee, as well as the Company. The first hearing was originally scheduled March 3, 2018 and subsequently postponed to May 3, 2018. See “Business—Legal Proceedings—Pending Criminal investigation (Santobono-Pausilipon Public Health Agency of Napoli)”.

Furthermore, on December 2017 and January 2018, two employees and a former employee of the Company were served with a formal notice concerning the conclusion of the preliminary investigation (*avviso di conclusione delle indagini preliminari*) which, pursuant to the Italian Criminal Procedure Code, can be a prelude to the formal request of indictment (*richiesta di rinvio a giudizio*) in relation to an investigation opened by the Office of the Public Prosecutor before the Court of Rome in relation to our participation in the FM4 Tender alleging [obstructed public tenders (*turbativa d'asta*)], see “—We are involved in ongoing litigation in respect of an antitrust matter related to the CONSI/P public tender relating to the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom.

In addition, on May 8, 2014, the Public Prosecutor of Milan commenced a criminal investigation in connection with the tenders associated with the Milan 2015 Expo against, among others, (i) the former chairman of the Company, (ii) the former chairman and the former commercial director of Servizi Ospedalieri, in connection with alleged criminal conducts relating to certain public tender processes. During the preliminary investigations, the Public Prosecutor maintained that (i) the former chairman of the Company obstructed public tenders and disclosed non-public information (*turbativa d'asta e rivelazione di segreto d'ufficio*); (ii) the former commercial director of Servizi Ospedalieri obstructed public tenders (*turbativa d'asta*) and (iii) the former chairman of Servizi Ospedalieri obstructed public tenders and was also liable of corruption (*turbativa d'asta e corruzione*). In July 2015, the former chairman and the former commercial director of Servizi Ospedalieri were served with a formal notice concerning the conclusion of the preliminary investigation (*avviso di conclusione delle indagini preliminari*) which, pursuant to the Italian Criminal Procedure Code, can anticipate the formal request of indictment (*richiesta di rinvio a giudizio*). Such notice did not mention the allegation of corruption against the former chairman of Servizi Ospedalieri, nor was it served to the former chairman of the Company. The corruption allegedly committed by the former chairman of Servizi Ospedalieri may trigger administrative liability of Servizi Ospedalieri under LD 231; however, as of the date of this Offering Memorandum, no charges have been formally brought against the former chairman of Servizi Ospedalieri nor against Servizi Ospedalieri, the latter not being therefore a party to the investigations. As of the date of this Offering Memorandum, we are not in a position to predict the outcome of the aforementioned investigations. Based on the information available to us, we believe that no criminal conducts were committed by the former chairman of the Company, the former chairman and the former commercial director of Servizi Ospedalieri. The former chairman of Servizi Ospedalieri currently serves as a director of the Company.

Moreover, in 2013 the Public Prosecutor of the Court of Savona commenced a criminal investigation against, among others, the former chief executive officer of the Company. The investigation relates to alleged violations, occurring between 2000-2014, of environmental laws and regulations while serving his office at Tirreno Power S.p.A. In November 2016, the former chief executive officer of the Company was served with a notice holding him liable for unintentional environmental damage as a consequence of the aforementioned violations.. Moreover, the Public Prosecutor of the Court of Savona served the former chief executive officer

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of the Company with a formal notice of the extension of the term related to a criminal investigation (avviso di proroga delle indagini preliminari) against him and other officers of Tirreno Power S.p.A. alleging that the aforementioned unintentional violations and environmental damage may also result in charges of manslaughter. In April 2018, following the Preliminary Hearing (Udienza Preliminare), the former chief executive officer was indicted and the first hearing to discuss the case was scheduled on December 11, 2018. As of the date of this Offering Memorandum, we are not in a position to predict the outcome of the aforementioned criminal proceeding and investigation. No administrative liabilities for the Company under LD 231 may arise, since the investigated crimes were allegedly committed in the interest of Tirreno Power S.p.A., which is not part of our Group.

### ***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. *Please refer to section 19 "Outlook" of the Report on Operations at 31 December 2017 and to section "General Information" of the Annual Report for recent updates on Governance*

### **Risks related to our capital structure**

*The following risk factors, related to the actions to be taken before or on the Completion Date (13<sup>th</sup> October 2017) and/or related to the Acquisition are no longer applicable since the consummation of the Acquisition on the Completion Date:*

- ***The Issuer does not currently control the Company or its subsidiaries and affiliates, and the Issuer will not control them until the consummation of the Acquisition.***
- ***As of the Issue Date and prior to the Completion Date, the governance of the Company and its subsidiaries will be subject to the 2016 MFM Shareholders' Agreement which may cause deadlocks to occur in our general shareholders' assembly and/or Board of Directors' decisionmaking process, which in turn may delay or prevent critical decisions from being made.***

***The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors to the extent of the value of the assets securing such indebtedness which does not constitute Collateral.***

As of the Issue Date and prior to the Completion Date, the Issuer will have no indebtedness outstanding other than the Notes which will be secured by the Escrow Charge. Subject to the Agreed Security Principles, following the Completion Date and on the relevant collateral grant date, the Notes will be secured by first ranking pledges over the applicable Collateral. The Indenture will also provide for a negative pledge but will allow us and our restricted subsidiaries, subject to specified limitations, to incur other secured indebtedness that will be effectively senior to the Notes and the Notes Guarantee to the extent of the value of the assets (other than the Collateral) that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets (other than the Collateral) securing any such secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of such secured indebtedness. As of December 31, 2017, other than the Notes of €360.0 million, we had €3.6 million of financial leases outstanding which was secured over assets other than the Collateral (buildings), and € 5.0 million of indebtedness outstanding (out of a commitment of € 10.0 million - three years credit facility from C.C.F.S.) secured by a first rank pledge on the shares of H2H Facility Solutions S.p.A..

# CMF S.p.A.

## **We are exposed to risks related to Group companies that include non-controlling shareholders and our investments with third parties.**

We conduct our business through operating subsidiaries that in some cases include noncontrolling shareholders and investments with third parties (related to project financing activities and our affiliate Roma Multiservizi). While we generally consider entering into such partnerships or investments to be positive developments, various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively. In addition, we may have to make payments in connection with put options and earn-out agreements with non-controlling shareholders. As of March 31, 2017, these arrangements only related to a put option in connection with Sicura S.p.A., with a potential liability estimated in €5.4 million. The Company exercised the related call option on June 30, 2017 and paid, on August 10 2017.

On 15 January 2018 the subsidiary Manutencoop International FM S.r.l. ("MINT") transferred a stake of 30% of the capital of Manutencoop France S.a.r.l. (a company established for the purpose of developing commercial initiatives on french territory, with registered office in Paris) to TMS Servizi Integrati S.r.l., a company incorporated under Italian law. Following this transfer, the Group's percentage of ownership of Manutencoop France S.a.r.l. amounted to 70%. The Investment Agreement signed on October 6, 2017 provided for the minority shareholder to be granted a Put option exercisable by June 30, 2023, linked to a further call option expiring by June 30, 2025 granted to MINT if the put option has not been exercised. These options will be recognised as a potential financial liability in the Consolidated Financial Statements until the effective exercise date, on the basis of estimates updated annually in relation to the results of the french company.

*All the other risk factors related to capital structure described in the Offering Memorandum remain applicable to the group with no material changes, including those related to the Merger.*

## **Risks related to our indebtedness**

*All risk factors related to our indebtedness described in the Offering Memorandum, including those in the sub-section "Risks related to the Notes, the Notes Guarantee and the Collateral remain applicable to the group with no material changes, with the exception of the following:*

- **Consummation of the Transactions is dependent upon completion of the Shareholder Financing which may not be raised on satisfactory terms, if at all, and additionally, the Shareholder Financing, if completed, may increase certain risks to the Issuer and its subsidiaries.**
- **If consummation of the Acquisition is delayed beyond the Escrow Longstop Date, or if the other conditions to the escrow are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.**

*related to the actions to be taken before or on the Completion Date (13<sup>th</sup> October 2017) and/or related to the Acquisition, which are no longer applicable since the consummation of the Acquisition on the Completion Date.*

CMF S.p.A.  
By:   
Name: Giuseppe Pinna  
Title: Sole Director

