

Zola Predosa, April 26 2016

*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, 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.

As previously reported, on February 19, 2016 Telecom Italia formally exercised its right to terminate its contract with us for the provision of cleaning and other facility management services to the Telecom Italia group. Telecom Italia argued that their right to terminate this contract arose as a result of the indictment of our CEO, Claudio Levorato, in connection with the Brindisi criminal proceeding. During 2015 the contract with Telecom Italia generated approximately €25 million in consolidated turnover for the Group and had a residual order backlog of approximately €29 million. Currently, and as a result of changes in the status of the criminal case, the parties are exploring the possibility of a waiver regarding Telecom Italia's right of termination. As of now, those discussions are ongoing, and Telecom Italia has extended the term of effectiveness of its termination until May 5, 2016.

The trade receivables related to this contract do not secure the Senior Secured Notes because their assignment is prohibited under the contract with Telecom Italia. We underline that the Code of Public Contracts, which governs contracts with Public Authorities and Public Healthcare Institutions does not provide that a mere criminal indictment is cause for termination. On the contrary, the Code of Public Contracts requires a final and non-appealable conviction for a serious criminal offense that diminishes the professional integrity of the person concerned.

If we are unable to successfully renegotiate the termination of the Telecom Italia contract or if other major customers either terminate or do not renew their contracts in the future or renew those contracts 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 Competition Authority (the "Authority") ruling on January 20, 2016, levying a €48.5 million fine against the Group, on February 4, 2016, CONSIP S.p.A. ("Consip") initiated a procedure to terminate its agreements with us for cleaning and other services provided for school buildings and Public Administration training establishments (under the "Consip Scuole" agreements). On the same date, Consip also informed us that it would consider the possibility of excluding us from future tenders for "work of the same type" (pursuant to article 38, paragraph 1, letter f of Legislative Decree 163/06), which we interpret to mean school building cleaning contracts only. However, recent Supreme Administrative Court (*Consiglio di Stato*) case law questions whether a Competition Authority fine ruling constitutes sufficient cause to exclude the fined party from future tenders pursuant to article 38, paragraph 1, letter f of Legislative Decree 163/06.

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. An unfavorable outcome of the proceedings on the merits before the TAR might result in, in addition to a requirement to pay the fine, the termination of the Consip agreements referred to above and the enforcement of the performance bond issued at the time of the tender with Consip, amounting to approximately €24.5 million.

***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, 2015, approximately 13,967 employees, approximately 85% of our total employees, are employed pursuant to CCNL Multiservizi, compared to 13,561 (or 85% of total employees) as of December 31, 2014 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 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-granted 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. At a hearing on October 14, 2015, the Issuer was joined to the claim by the plaintiffs, pursuant to Article 538 of the Italian Code of Criminal Procedure, as a severally liable party in respect of all the financial and non-financial damages. At a hearing on December 23, 2015, the Issuer appeared as the party responsible for damages. The next hearing is scheduled for April 27, 2016. We are vigorously defending against allegations that we were in any way responsible for the incident.

The insurance companies involved paid the injured parties over €38 million in damages and then formalized their application to recover the damages from both the individual persons charged and their employers, including the Issuer. The claim 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.

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

On January 20, 2016 the Authority, issued a decision declaring that we had breached competition regulations with respect to a 2012 tender for cleaning services in school buildings managed by Consip, and levied a fine of approximately €48.5million. On March 21, 2016, we appealed the decision (RG. 3540/2016) to the TAR based in Rome. On the same date, we also submitted to the TAR a request for a suspension of the €48.5 million fine until the resolution of the case on the merits.

On April 20, 2016, the TAR held a hearing to decide on our request to suspend the enforcement of the fine issued by the Authority. At the hearing, the TAR proposed that the Issuer's interim application for suspension of the fine be discussed together with its application on the merits at a public hearing to be held on July 6, 2016. We, together with the State Attorney representing the Authority, agreed to the TAR's proposal.

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. The Vice Chairman of the Management Board and other two members resigned from their positions on the Management Board on the same date as Mr. Levorato.

Additionally, on March 1, 2016, other four members of the Management Board also resigned from their positions, resulting in the reset of the entire Management Board. Pursuant to our Bylaw's, the Company's Supervisory Board then called the Shareholders' Meeting on April 6, 2016 in order to appoint the new members of the new Management Board.

On April 13, 2016, MFM's Nominating Committee (*Comitato Nomine*), which, according to our bylaws, has the task of proposing the new composition of our Management Board to our Supervisory Board, convened a meeting. The purpose of the meeting was to begin the complex work necessary to provide us with a Management Board rich in the type and diversity of experience required for the Group's continued growth. The work and objectives of the Nominating Committee have been pursued with the full support of the Shareholders and with a full awareness of the importance to the Group of the nominations to the Management Board.

The Supervisory Board shares the Nominating Committee's approach to the nomination process and believes it will be in a position to conclude the process by the end of April 2016.

**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, 2015, the Issuer's non-Guarantor subsidiaries represented approximately 8.3% of our total revenue and 5.6% of our EBITDA, respectively. As of December 31, 2015, the Issuer's non-Guarantor subsidiaries represented 13.3% of our

total assets. As of December 31, 2014 our non-Guarantor subsidiaries had approximately €0.6 million of indebtedness outstanding and had significant trade payables and other liabilities outstanding.

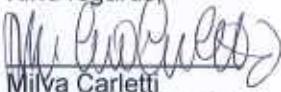
## Developments in legal proceedings

### *Criminal investigation (Brindisi).*

In relation to the criminal investigation commenced by the public prosecutor of Brindisi (ref. no. 10115/09 RGNR), our manager under investigation, as described in the Offering Memorandum, 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*). 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 believe that the public prosecutor has dropped that specific charge. Recently, 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 then-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 individual was initially convened on July 16, 2015. The aforementioned crimes allegedly committed by our managers and our controlled entity would not trigger administrative liability for us under LD 231. On September 17, 2015, at the conclusion of the hearing, an indictment was handed down against our then-Chairman and CEO.

The local health agency (ASL) of Brindisi has joined us as the party responsible for the acts of its employees (*responsabile civile*). We believe we will be successful in defending ourselves against these claims. The next hearing is scheduled for June 15, 2016.

Kind regards,



Milva Carletti  
Chief Financial Officer