



INFORMATION DOCUMENT
REGARDING RELATED PARTY TRANSACTIONS OF MAJOR IMPORTANCE

inherent in

- (i) Tesmec S.p.A.'s decision to allow for the expiry of the right of option held with respect to Dream Immobiliare S.r.l. for the purchase of the lease contract concerning the property in Grassobbio (BG) where, inter alia, the Tesmec S.p.A. factory is located;*
- (ii) the renegotiation by Tesmec S.p.A. and Dream Immobiliare S.r.l. of the period of validity and rental of the real estate lease contract concerning the portion of the property in Grassobbio (BG) where the Tesmec S.p.A. factory is located;*
- (iii) the appointment by SGE S.r.l., a subsidiary of Tesmec S.p.A., of Dream Immobiliare S.r.l. as the purchaser for the purposes of taking over the preliminary purchase contract for the property in Padua, where the SGE S.r.l. factory is located;*
- (iv) the signing by SGE S.r.l. and Dream Immobiliare S.r.l. of a real estate lease contract concerning the property in Padua;*
- (v) the transfer by CPT Engineering S.r.l., a subsidiary of Tesmec S.p.A., to Dream Immobiliare S.r.l. of the property in Patrica (FR), where the CPT Engineering S.r.l. factory is located; and*
- (vi) the signing by CPT Engineering S.r.l. and Dream Immobiliare S.r.l. of a real estate lease contract concerning the property in Patrica (FR)*
prepared pursuant to Article 5 of the Tesmec S.p.A. Related party transaction procedure and Art. 5 of the Regulation approved by Consob with Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented.

Milan, 22 December 2016

Information document made available to the public at the administrative offices of TESMEC S.p.A. in Grassobbio (BG), Via Zanica No. 17/O, on the website of TESMEC S.p.A. at www.tesmec.com, in the 1Info authorised storage mechanism at www.1info.it and at Borsa Italiana S.p.A. (Milan, Piazza degli Affari N° 6)

INTRODUCTION

This information document (the “**Information Document**”) was prepared by the Board of Directors of Tesmec S.p.A. (“**Tesmec**” or “**Company**” or “**Issuer**”) in compliance with the provisions of Art. 5 of the Related party transaction procedure adopted by Tesmec (the “**Related Party Procedure**”) and Art. 5 of the Regulation adopted by Consob with resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented (the “**Related Party Regulation**”), in order to ensure the transparency and substantial and procedural correctness of a real estate transaction consisting overall of:

- (i) the Company’s decision to allow for the expiry of the right of option (the “**Option**”) held with respect to Dream Immobiliare S.r.l. (“**Dream**”), for the purchase of the lease contract concerning the property complex in Grassobbio (BG), Via Zanica 17/O (the “**Grassobbio Property Complex**”) where, *inter alia*, the Tesmec factory is located;
- (ii) the renegotiation by Tesmec and Dream of the period of validity and rental of the lease contract concerning a portion of the Grassobbio Property Complex (the “**Grassobbio Property**”), establishing a new rental reduced to Euro 1,800,000 per year and a new contractual validity until 30 January 2027;
- (iii) the appointment by SGE S.r.l. (“**SGE**”), a subsidiary of Tesmec, of Dream as the purchaser for the purposes of taking over the preliminary purchase contract for the property in Padua, where the SGE factory is located (the “**Padua Property**”), entered into on 30 June 2016 for consideration of Euro 1,270,000;
- (iv) the signing by SGE and Dream of a real estate lease contract concerning the Padua Property, for consideration of Euro 75,000 per year and a renewable period of validity of six years;
- (v) the transfer by CPT Engineering S.r.l. (“**CPT**”), a subsidiary of Tesmec, to Dream of the property in Patrica (FR), where the CPT factory is located (the “**Frosinone Property**”), for consideration of Euro 1,019,220; and
- (vi) the signing by CPT and Dream of a real estate lease contract concerning the Frosinone Property, for consideration of Euro 63,265 per year and a renewable period of validity of six years

((i), (ii), (iii), (iv), (v) and (vi) are jointly the “**Transaction**”).

The Transaction constitutes a related party transaction in that:

- Dream and Tesmec are companies subject to control by the same company, TTC S.r.l. (“TTC”), which holds 99% of the share capital of Dream and 44.24%¹ of the share capital of Tesmec; and
- SGE and CPT are companies subject to control by the same company, Tesmec, which holds 100% of the share capital of SGE and 100% of the share capital of CPT.

Since the Issuer is a “*small-sized company*”, it makes use of the right to apply to the Transaction the procedure established for related party transactions of minor importance, as set forth in Article 10 of the Related Party Regulation.

The Transaction was subject to approval by the Tesmec Board of Directors on 21 December 2016, after obtaining the justified non-binding favourable opinion of the control and risk committee acting as the committee for transactions with related parties (the “**Related Parties Committee**”) pursuant to Art. 7, paragraph 1, letter a) of the Related Party Regulation and Art. 5, paragraph 2 of the Related Party Procedure.

The Tesmec Board of Directors believes that the Transaction is in the interest of the Company, that it will not jeopardise the safeguarding of the company’s assets and that all oversight mechanisms required to manage the existing situation between the contracting parties, as related parties, have been put into place.

This is because:

- from the business perspective, the Transaction has the advantages described in Paragraph 2.3 of this Information Document;
- from the economic perspective, the Transaction is advantageous for the Company for the reasons described in Paragraphs 2.4 and 2.5 of this Information Document;
- procedurally speaking, all oversight mechanisms required to make the effect of the existing relationship between the contracting parties substantially neutral have been put into place. In particular:
 - (i) the Company has subjected the Transaction to the regulations on related party transactions set forth in the Related Party Procedure and the Related Party Regulation;
 - (ii) the Board of Directors engaged a single expert CBRE Valuation S.p.A. (the “**Expert**”) to support the corporate bodies themselves in conducting their assessments regarding the Transaction. Specifically, this engagement envisaged the appraisal of the market

¹ Of which roughly 30.30% held directly by TTC and approximately 13.94% held through Fi. Ind. S.p.A., a subsidiary of TTC, which holds 57.09% of the share capital.

value of the Padua Property and the Frosinone Property in addition to the assessment of the market lease payment for the Padua Property and the Frosinone Property. Considering a view to limiting costs, The Committee for Transaction with Related Parties decided to use the Expert's valuation.

- (vi) the members of the Related Parties Committee were involved in the negotiations and investigation activities concerning the Transaction;
- (v) the Transaction was examined on a preliminary basis and discussed by the Related Parties Committee which, at the end of a detailed assessment process, expressed its justified non-binding favourable opinion on 19 December 2016; and
- (vi) the Tesmec Board of Directors approved the Transaction during its meeting on 21 December 2016 (see Paragraph 2.8 below of this Information Document).

This Information Document was sent to Consob and Borsa Italiana S.p.A. ("**Borsa Italiana**") and filed at the headquarters and administrative offices within the terms provided by law, with the procedures specified in Part III, Title II, Chapter I of Consob Regulation 11971/1999, as subsequently amended and supplemented (the "**Issuer Regulation**"). A copy of the Information Document is also available in the Investor Relations/Governance/Related Party Transactions section of the Tesmec website *www.tesmec.com*.

1. NOTICES

The Transaction constitutes a related party transaction in that:

- Dream and Tesmec are companies subject to control by the same company, TTC S.r.l. (“**TTC**”), which holds 99% of the share capital of Dream and 44.24%² of the share capital of Tesmec; and
- SGE and CPT are companies subject to control by the same company, Tesmec, which holds 100% of the share capital of SGE and 100% of the share capital of CPT.

The share capital of Dream is held 99% by TTC, a company of which the Tesmec Chairman and Chief Executive Officer, Ambrogio Caccia Dominioni, holds 18.62% of the share capital, Tesmec director Lucia Caccia Dominioni holds 18.62% of the share capital and Tesmec director Caterina Caccia Dominioni holds 18.62% of the share capital. In addition, please recall that Tesmec Vice Chairman Gianluca Bolelli is a director of TTC.

In this regard, please note that on 21 December 2016, at the time of the adoption by the Company’s Board of Directors of the resolution concerning the Transaction, Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, pursuant to Art. 2391 of the Italian Civil Code, abstained, while directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli made it known that they had a personal interest in the completion of the Transaction.

2. INFORMATION ABOUT THE TRANSACTION

2.1. Description of the characteristics, methods, terms and conditions of the Transaction

(A) The decision to allow the Option to expire and to enter into the addendum to the Grassobbio Property lease contract

On 31 January 2011, Dream signed a real estate lease contract with Unicredit Leasing S.p.A. concerning the Grassobbio Property Complex (the “**Lease Contract**”).

Also on the same date:

- (i) Dream and Tesmec signed a contract regarding Tesmec’s right of option to take over the Lease Contract (the “**Option Contract**”) by 31 December 2016 for payment of consideration increasing over time and equal, in 2016, to Euro 3,500,000, which at the time was part of a broader real estate

² Of which roughly 30.30% held directly by TTC and approximately 13.94% held through Fi. Ind. S.p.A., a subsidiary of TTC, which holds 57.09% of the share capital.

development and expansion project on the entire Grassobbio factory. Pursuant to the Option Contract, in 2011 Tesmec paid Dream Euro 2,700,000 plus VAT as an advance payment/deposit, which was to be deducted from the price if the Option was exercised or returned to Tesmec by Dream if the option expired without being exercised; and

- (ii) Dream and Tesmec, of the first part, and Dream and Reggiani Macchine S.p.A. (“**Reggiani**”), a company which at the time was subject to joint control with Tesmec by TTC through Fi.Ind., of the second part, signed real estate lease contracts each concerning a portion of the Grassobbio Property Complex, where Tesmec and Reggiani still carry out their activities.

Please note that in July 2015 Reggiani was acquired by the US group Electronics For Imaging, Inc. – EFI and therefore thereafter it was no longer part of the same group as Tesmec. However, Reggiani continues to occupy a portion of the Grassobbio Property Complex on the basis of the lease contract with Dream.

Precisely due to the intervening sale of Reggiani as well as the continuation by the latter of the existing lease contract concerning a portion of the Grassobbio Property Complex, the real estate development and expansion project for the Grassobbio factory can no longer be carried out, and therefore it is no longer part of the growth plans of Tesmec and the group to which it belongs.

As regards Tesmec, please note that the Grassobbio Property – part of the Grassobbio Property Complex – is where Tesmec carries out its activities.

On 31 January 2011, Dream and Tesmec signed a real estate lease contract concerning the Grassobbio Property for a lease payment of Euro 1,992,015, expiring on 30 January 2025 (the “**First Lease Contract**”). Art. 5 of the First Lease Contract established that the lease payment would be linked, beginning in the second year, to the ISTAT index to the extent of 100%. The application of this clause entailed an increase in the annual lease payment up to Euro 2,057,447 in 2014.

On 29 September 2014, Dream and Tesmec signed an addendum to the First Lease Contract concerning, *inter alia*, a reduction of the lease payment on the Grassobbio Property to Euro 1,961,439 due to the reduction of the spaces leased by Tesmec (the “**Addendum**”). The Addendum also established that the lease payment would be linked to the ISTAT index to the extent of 100%.

As part of the broader agreements reached with Dream, the Company renegotiated the basic elements of the Lease Contract, establishing, as of 1 January 2017, a new rental of Euro 1,800,000 per year³ – a reduction of roughly Euro 160,000 per year compared to the rental established in the Addendum – and a new contractual validity until 30 January 2027. In this regard, please note that, as set forth in the Option Contract, Dream is required to return to Tesmec the amount of Euro 2,700,000 plus VAT, which was paid in 2011 as an advance payment/deposit, plus interest accrued from day to day and calculated on an annual basis at the legal rate in force overtime plus 200 basis points until the date of actual payment. As set forth in Art. 6 of the Option Contract, the parties agreed that this sum would be returned in instalments through offsetting with the lease payments due from Tesmec each month pursuant to the Lease Contract.

(B) SGE’s appointment of Dream as the purchaser to take over the preliminary contract relating to the acquisition of the Padua Property, resulting in SGE and Dream entering into a lease contract on the Padua Property

The Padua Property is where SGE, a Tesmec subsidiary, carries out its activities.

As part of its business assessments, on 23 December 2013 SGE entered into a business unit lease contract (with a buy option) with a third party operating in the same sector as Tesmec concerning, on one hand, a real estate component (the Padua Property, in turn consisting of a building and building land) and, on the other hand, a business/operational component (consisting of a complex of organised company assets) (as a whole, the “**Business Unit**”).

The total rental established for the business unit lease (pending the exercise of the buy option) was as a result broken down between the real estate component (Euro 30,000 per year, raised to Euro 43,000 on 1 January 2016) and the operational component (Euro 70,000 per year).

On 30 June 2016, SGE signed a Business Unit purchase contract with that third party earlier than the original expiry in order to consolidate its competitive positioning within the automation segment, and entered into a preliminary sale contract based on which the third party undertook to sell the Padua Property to SGE, or to a person or entity appointed by SGE, by no later than 3 April 2017 for the price of Euro 1,270,000 (the “**Padua Consideration**”). The two transactions were closely connected and were subject to a single negotiation in order to define the purchase price of the Business Unit and the Padua Property.

³ Linked to the ISTAT index to the extent of 100%.

The Group decided not to purchase the Padua Property as the real estate investment is not strategic for the future developments of Tesmec, also in consideration of its suitability for building, which is not of interest for the Company. Therefore, Dream declared itself willing to take over the preliminary purchase contract.

As a result, SGE appointed Dream, which accepted, as the purchaser pursuant to the above-mentioned preliminary sale contract against the payment of the Padua Consideration. In particular, this consideration will be paid (i) Euro 620,000 in favour of the third-party seller and (ii) Euro 650,000 in favour of SGE to pay off a mortgage loan due to the latter from the third party on the Padua Property and acquired for Euro 531,541. SGE will thus avoid an outlay of Euro 620,000, which it would have had to pay for the purchase of the property, and it will also collect the entire receivable of Euro 650,000 and therefore it will benefit from the capital gain deriving from the repayment of the mortgage loan of Euro 118,459 (equal to the difference between Euro 650,000 and Euro 531,541, the price at which that receivable was acquired).

In this regard, please note that the Expert had appraised the market value of the Padua Property at Euro 1,040,000, a lower value.

Dream then negotiated with SGE the conditions of the new lease contract, which will need to be signed by the parties, reaching an agreement for an annual rental of Euro 75,000, corresponding to the annual market rental determined by the Expert's appraisal, and for a renewable period of validity of 6 years.

(C) CPT's transfer to Dream of the Frosinone Property, resulting in CPT and Dream entering into a lease contract on the Frosinone Property

The Frosinone Property is where CPT, a Tesmec subsidiary, carries out its activities.

CPT was acquired by Tesmec on 20 April 2016 in order to develop and consolidate its competitive positioning within the automation segment. Due to the acquisition of CPT, Tesmec also indirectly obtained ownership of the Frosinone Property.

The Frosinone Property consists of a building and building land.

The Group decided that the real estate investment in relation to the Frosinone Property was not strategic for the future developments of the Tesmec Group, also in consideration of its suitability for building, which is not of interest for the Company. Therefore, Dream declared itself willing to purchase the Frosinone Property.

As a result, CPT and Dream reached an agreement regarding the transfer of that property for consideration of Euro 1,019,220, corresponding to the book value in the CPT financial statements.

In this regard, please note that the Expert had appraised the market value of the Frosinone Property at Euro 948,220, a lower value.

After the transfer, Dream and CPT also agreed to sign a lease contract concerning the Frosinone Property for a lease payment of Euro 63,265 per year, corresponding to the annual market rental determined by the Expert's appraisal, and for a renewable period of validity of 6 years.

2.2. Related parties involved in the Transaction

The Transaction pursuant to this Information Document constitutes a related party transaction as:

- Dream and Tesmec are companies subject to control by the same company, TTC S.r.l. ("TTC"), which holds 99% of the share capital of Dream and 44.24%⁴ of the share capital of Tesmec; and
- SGE and CPT are companies subject to control by the same company, Tesmec, which holds 100% of the share capital of SGE and 100% of the share capital of CPT.

The share capital of Dream is held 99% by TTC, a company of which the Tesmec Chairman and Chief Executive Officer, Ambrogio Caccia Dominioni, holds 18.62% of the share capital, Tesmec director Lucia Caccia Dominioni holds 18.62% of the share capital and Tesmec director Caterina Caccia Dominioni holds 18.62% of the share capital. In addition, please recall that Tesmec Vice Chairman Gianluca Bolelli is a director of TTC.

⁴ Of which roughly 30.30% held directly by TTC and approximately 13.94% held through Fi. Ind. S.p.A., a subsidiary of TTC, which holds 57.09% of the share capital.

In this regard, please note that on 21 December 2016, at the time of the adoption by the Company's Board of Directors of the resolution concerning the Transaction, Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, pursuant to Art. 2391 of the Italian Civil Code, abstained, while directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli made it known that they had a personal interest in the completion of the Transaction.

2.3. Specification of the economic justification and convenience of the Transaction for the Company

The assessments of the Board of Directors regarding the economic and financial justification and convenience of the Transaction were carried out, first and foremost, by taking into consideration the Group's strategy of focusing on operating activities, omitting all core activities of real estate companies and real estate management and development.

In particular:

– with reference to the Grassobbio Property Complex:

- (i) the acquisition in July 2015 by the US group Electronics For Imaging, Inc. – EFI of Reggiani, which thereafter was no longer part of the group to which Tesmec belongs, meant that the real estate development and expansion project for the Grassobbio Property Complex can no longer be carried out, and therefore it is no longer part of the growth plans of Tesmec and the group to which it belongs.
- (ii) as part of the broader agreements reached with Dream,
 - 1. the renegotiation of the basic elements of the Lease Contract with the establishment with reference to the Grassobbio Property of (a) a contractual validity of the real estate lease contract until 30 January 2027, and (b) a reduction of the annual lease payment from Euro 1,961,439 to Euro 1,800,000, without prejudice to all of the other original contractual provisions, as well as
 - 2. the return through offsetting with lease payments of the amount of Euro 2,700,000 paid in 2011 by Tesmec to Dream as an advance payment/deposit pursuant to the Option Contract, represent a benefit in terms of ensuring its continued presence at the production site as well as the financial advantage deriving from the decrease in lease

payments due from Tesmec totalling roughly Euro 160,000 for each year of the Lease Contract;

- (iii) considering Tesmec's decision, as part of the broader agreements reached with Dream, to amend the basic elements of the rental and period of validity of the Lease Contract and to allow the Option to expire, the Lease Contract will be recognised in the accounts as an operating rental rather than a financial lease, resulting in an improvement in the NFP as described in more detail in Paragraph 2.5 below.

– with reference to the Padua Property:

- (i) the possibility of not proceeding with the purchase of the property for the consideration agreed in the preliminary purchase contract of Euro 1,270,000, in consideration of the Tesmec Group's lack of interest in making real estate investments on building land, concurrent with the interest shown by Dream based on its activities, entailed the resulting appointment of Dream as the purchaser for consideration equal to the consideration agreed in the preliminary contract. In this regard, please note that the Expert had appraised the market value of the Padua Property at Euro 1,040,000;
- (ii) the takeover by Dream of the preliminary purchase contract means that there will no longer be a cash outflow of Euro 620,000 and there will be a positive cash inflow of Euro 650,000 (with a capital gain of Euro 118,459);
- (iii) the signing of a lease contract with Dream concerning the Padua Property will make it possible to ensure a continuous presence at the production site in order to enhance the value of investments already made as well as any other investments to be made;

– with reference to the Frosinone Property:

- (i) the transfer of the property to Dream for consideration of Euro 1,019,220 will result in the opportunity for Tesmec to separate the real estate component, already present at the moment of the acquisition of CPT and not of interest for Tesmec, also in consideration of the presence of building land, from the operational component. In this regard, please note that the Expert had appraised the market value of the Padua Property at Euro 948,220;

- (ii) the signing of the contract concerning the transfer of the property to Dream will result in a positive cash inflow deriving from the consideration for the transfer of the property, to be used in the operational development of activities.

2.4. Methods for determining the consideration

With reference to the Grassobbio Property, which remains strategic for Tesmec as the Company's activities are carried out on site, the lease contract consideration was determined on the basis of the previous lease payment, to which a reduction was applied during negotiations at the request of Tesmec, also in consideration of the new contractual validity until 30 January 2027, without prejudice to all other original contractual provisions.

With reference to the Padua Property:

- (i) the consideration for the purchase of the property was established in the preliminary purchase contract signed by SGE and the third-party owner. This consideration of Euro 1,270,000 was compared with the Expert's appraised value of Euro 1,040,000. Also, considering this lower value – and the lack of interest in holding a property with building land – SGE appointed Dream as the purchaser of the property, as the latter had an interest in purchasing it for its own activities;
- (ii) the annual lease payment of Euro 75,000 was determined as part of the negotiations with Dream and coincides with the value determined by the Expert in its appraisal.

With reference to the Frosinone Property:

- (i) the consideration for the purchase of the property – no longer of interest for CPT in consideration of its building land – equal to Euro 1,019,220, was determined as part of the negotiations with Dream and is equal to the net book value of the asset as recognised in the CPT financial statements, also taking into account the appraisal of the Expert, which determined the market value of that property as Euro 948,220;

- (ii) the annual lease payment of Euro 63,265 was determined as part of the negotiations with Dream and coincides with the value determined by the Expert in its appraisal.

2.5. Illustration of the economic and financial effects of the Transaction

The main economic and financial effects of the Transaction are summarised below:

- With reference to the Grassobbio Property Complex:

The redefinition of the main clauses of the lease contract will result in the contract being recognised in the accounts as an operating rental and therefore, in Tesmec's separate and consolidated financial statements at 31 December 2016, will entail the adjustment of the value of the assets of Euro 18,929,099 (the land of Euro 4,016,160 and the building of Euro 14,912,939), as a de-recognition, with the corresponding adjustment of the relative loan with the leasing company of Euro 14,743,133 (current part of Euro 1,329,960 and not current part of Euro 13,413,173), in addition to the recognition under financial receivables of the amount paid as an advance payment/deposit to secure the right of option of takeover in the original contract (Euro 1,836,000). This transaction will entail a positive tax adjustment on net working capital of Euro 737,889.

From the financial perspective, the transaction will result in an improvement of the net financial position in Tesmec's separate and consolidated financial statements at 31 December 2016 for a total of Euro 16,579,133, arising to the redefinition of the main clauses of the lease contract.

From the economic point of view, this transaction will result a net negative effect of Euro 1,612,077. This effect has represented in the recognition of a capital loss (Euro 2,349,966) arising from the difference between the adjustment in the value of land and the building and the adjustment of the loan, including the recognition of the amount paid as an advance payment/deposit. This capital loss will lastly entail a positive tax adjustment (Euro 737,889) on the determination of the Company's taxable profit.

Please also note that, for the Issuer, the amendment of the lease contract with Dream will entail, for the year 2017, the recognition of an increase in

costs for lease payments of Euro 1,800,000 per year, a decrease in depreciation and amortisation of Euro 571,745 per year and a decrease in financial expenses of Euro 750,551 per year.

These effects will result in a positive tax adjustment of Euro 179,271 per year on the Company's taxable income.

- With reference to the Padua Property Complex:

The possibility of not proceeding with the purchase of the property and the appointment of Dream as the purchaser of the preliminary contract, will entail, in the SGE financial statements and Tesmec's consolidated financial statements at 31 December 2016, the recognition of a financial receivable of Euro 650,000 compared with a historical cost of the same of Euro 531,541. This transaction will entail a negative tax adjustment on net working capital of Euro 32,576.

From the financial perspective, the transaction will result in an improvement of the net financial position in the Company's separate financial statements and Tesmec's consolidated financial statements at 31 December 2016 for a total of Euro 118,459.

From the economic point of view, this transaction will result a net positive effect of Euro 85,883. This effect has represented in the recognition of a capital gain (Euro 118,459) arising from the difference between the recognition of the financial receivable and the repayment of the mortgage loan. This capital gain will lastly entail a negative tax adjustment (Euro 32,576) on the determination of the Company's taxable profit.

Please also note that, for the Company, entering into the lease contract with Dream will entail, for the year 2017, the recognition of an increase in costs for lease payments of Euro 32,000 per year, corresponding to the difference between the amount of the new rental (Euro 75,000) and the previous lease payment (Euro 43,000).

This effect will result in a positive tax adjustment of Euro 10,084 per year on the Company's taxable income.

- With reference to the Frosinone Property Complex:

The opportunity to transfer the property will entail, in the CPT financial statements and Tesmec's consolidated financial statements at 31

December 2016, an adjustment in the value of the assets of Euro 1,019,220 (the land of Euro 189,358 and the building of Euro 829,862).

From the financial perspective, the transaction will result in an improvement of the net financial position in the Company's separate financial statements and Tesmec's consolidated financial statements at 31 December 2016 for a total of Euro 1,019,220 (the Cash and cash equivalents of Euro 331,220 and the Current financial assets of Euro 688,000).

Please also note that, for the Company, the amendment of the lease contract with Dream will entail, for the year 2017, the recognition of an increase in costs for lease payments of Euro 63,265 per year, a decrease in depreciation and amortisation of Euro 38,295 per year and a decrease in financial expenses of Euro 3,194 per year.

These effects will result in a positive tax adjustment of Euro 6,961 per year on the Company's taxable income.

The transactions described above will involve, for Tesmec Group at 31 December 2016 an improvement in the net financial position for Euro 17,716,812 and a reduction of net income for Euro 1,526,194.

Below a summary table showing the economic, patrimonial and financial effect of the transaction at 31 December 2016:

<i>(In Euro)</i>	Grassobbio Property Complex	Padua Building	Frosinone Building	Total
<i>Balance sheet effects</i>				
USES				
Net working capital ⁵	737,889	(32,576)	–	705,313
Fixed assets	(18,929,099)	–	(1,019,220)	(19,948,319)
Other long-term assets and liabilities	–	–	–	–
Net invested capital ⁶	(18,191,210)	(32,576)	(1,019,220)	(19,243,006)
SOURCES				
Net financial indebtedness ⁷	16,579,133	118,459	1,019,220	17,716,812
Shareholder's equity	1,612,077	(85,883)	–	1,526,194
Total sources of funding	18,191,210	32,576	1,019,220	19,243,006

Financial effects

Cash and cash equivalents	–	(531,541)	331,220	(200,321)
Current financial assets	1,836,000	650,000	688,000	3,174,000
Current financial liabilities	1,329,960	–	–	1,329,960
Current financial indebtedness	3,165,960	118,459	1,019,220	4,303,639
Non-current financial liabilities	13,413,173	–	–	13,413,173
Non-current financial indebtedness	13,413,173	–	–	13,413,173
Effect on net financial indebtedness ⁷	16,579,133	118,459	1,019,220	17,716,812

Economic effects

Loss	(2,349,966)	–	–	(2,349,966)
Income	–	118,459	–	118,459
Tax	737,889	(32,576)	–	705,313
Effect on net result	(1,612,077)	85,883	–	(1,526,194)

⁵ We have calculated net working capital as trade receivables, inventories and other current assets (excluding cash and cash equivalents) less trade payables and other current payables. Net working capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

⁶ We have calculated net invested capital as net working capital plus non-current assets less non-current liabilities excluding non-current financial liabilities. Net invested capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

⁷ We have calculated net financial indebtedness as short-term borrowings, current portion of long-term debt and long-term debt less cash and cash equivalents. Net financial indebtedness is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

For completeness, it should be noted that, for the year 2017, the Transaction will result a reduction of the net result of Euro 335,200 as summarized in the following table:

<i>(In Euro)</i>	Grassobbio Property Complex	Padua Building	Frosinone Building	Total
Other operating (costs)/revenues, net	(1,800,000)	(32,000)	(63,265)	(1,895,265)
Amortisation and depreciation	571,745	–	38,295	610,040
Operating Income	(1,228,255)	(32,000)	(24,970)	(1,285,225)
Financial expenses	750,551	–	3,194	753,745
Pre-tax profit	(477,704)	(32,000)	(21,776)	(531,480)
Income tax	179,271	10,048	6,961	196,280
Net profit for the period	(298,433)	(21,952)	(14,815)	(335,200)

2.6. Impact on fees of members of the management body of the Company and/or its subsidiaries

The Transaction has no impact on the amount of the fees of the directors of Tesmec and/or its subsidiaries.

2.7. Interests of members of the management and control bodies, general managers and executives of the Issuer in the Transaction

The Transaction pursuant to this Information Document constitutes a related party transaction as:

- Dream and Tesmec are companies subject to control by the same company, TTC S.r.l. (“TTC”), which holds 99% of the share capital of Dream and 44.24%⁸ of the share capital of Tesmec; and
- SGE and CPT are companies subject to control by the same company, Tesmec, which holds 100% of the share capital of SGE and 100% of the share capital of CPT.

The share capital of Dream is held 99% by TTC, a company of which the Tesmec Chairman and Chief Executive Officer, Ambrogio Caccia Dominioni, holds 18.62% of the share capital, Tesmec director Lucia Caccia Dominioni holds 18.62% of the share capital and Tesmec director Caterina Caccia Dominioni holds 18.62% of the share capital. In addition, please recall that Tesmec Vice Chairman Gianluca Bolelli is a director of TTC.

⁸ Of which roughly 30.30% held directly by TTC and approximately 13.94% held through Fi. Ind. S.p.A., a subsidiary of TTC, which holds 57.09% of the share capital.

In this regard, please note that on 21 December 2016, at the time of the adoption by the Company's Board of Directors of the resolution concerning the Transaction, Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, pursuant to Art. 2391 of the Italian Civil Code, abstained, while directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli made it known that they had a personal interest in the completion of the Transaction.

2.8. Specification of the bodies or directors which conducted or participated in negotiations and/or investigated and/or approved the Transaction

On 21 October 2016, the Company's Board of Directors resolved, *inter alia*, (i) to grant a separate mandate to the independent directors Sergio Arnoldi and Gioacchino Attanzio in order to negotiate with Dream and with the other parties involved in the process the conditions of the real estate transactions relating to the Grassobbio Property, the Padua Property and the Frosinone Property and (ii) to call upon the Related Parties Committee to conduct its assessments on the Transaction in order to issue its opinion on the matter.

As of 21 October 2016, the Related Parties Committee, with the support of the appointed corporate structures, began its work and investigations for the purpose of issuing its non-binding opinion on the matter.

On 26 October 2016, the Board of Directors and the Board of Statutory Auditors, with a view to limiting costs, engaged a single expert CBRE Valuation S.p.A. to support the corporate bodies themselves in conducting their assessments regarding the Transaction. Specifically, this engagement envisaged the appraisal of the market value of the Padua Property and the Frosinone Property in addition to the assessment of the market lease payment for the Padua Property and the Frosinone Property.

All contractual terms and conditions relating to the Transaction subject to this Information Document were negotiated in the interest of Tesmec by the independent directors Sergio Arnoldi and Gioacchino Attanzio.

On 19 December 2016, the Related Parties Committee expressed its non-binding favourable opinion on the Company's interest in completing the Transaction as well as the convenience and substantial correctness of its conditions. Pursuant to Art. 5 of the Related Party Regulation, a copy of the favourable opinion of the Related Parties Committee is enclosed with this Information Document.

As a result, on 21 December 2016, the Board of Directors unanimously decided to complete the Transaction, with the sole abstention of the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, pursuant to Art. 2391 of the Italian Civil Code, in consideration of his investment in the share capital of TTC S.r.l.,

Dream's parent company. At the same time, directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli made it known that they had a personal interest in the completion of the Transaction, considering the investments in the share capital of TTC held by directors Lucia Caccia Dominioni and Caterina Caccia Dominioni and the fact that director Gianluca Bolelli is a director of TTC.

Pursuant to Article 5 of the Regulation, the opinions of the Committee for Transactions with Related Parties and the Expert are provided in an annex to this Information Document and are available on the Company's website www.tesmec.com.

Grassobbio (BG), 22 December 2016

**To the Board of Directors
of Tesmec S.p.A.**

Grassobbio (BG), 19 December 2016

RE: Opinion of the Committee for Transactions with Related Parties pursuant to Consob Regulation 17221 of 12 March 2010 (as subsequently amended and supplemented) and the Procedure governing Related Party Transactions approved by the Board of Directors of Tesmec S.p.A.

At its meeting held on 19 December 2016, with the unanimous presence of its members (Chairman Sergio Arnoldi and directors Gioacchino Attanzio and Gianluca Bolelli), the undersigned Committee for Transactions with Related Parties (the “**Committee**”) met to:

- discuss a real estate transaction consisting of:
 - (i) the Company’s decision to allow for the expiry of the right of option (the “**Option**”) held until 31 December 2016 with respect to Dream Immobiliare S.r.l. (“**Dream**”), for the purchase of the lease contract concerning the property complex in Grassobbio (BG), Via Zanica 17/O (the “**Grassobbio Property Complex**”) where, *inter alia*, the Tesmec factory is located and for the renegotiation by Tesmec and Dream of the period of validity and lease payment of the lease contract concerning a portion of the Grassobbio Property Complex (the “**Grassobbio Property**”), establishing a new rental of Euro 1,800,000 per year and a new contractual validity until 30 January 2027;
 - (ii) the appointment by SGE S.r.l. (“**SGE**”), a subsidiary of Tesmec, of Dream as the purchaser for the purposes of taking over the preliminary purchase contract for the property in Padua, where the SGE factory is located (the “**Padua Property**”), entered into on 30 June 2016 with the third-party owner for consideration of Euro 1,270,000. In particular, this consideration will be paid (i) Euro 620,000 in favour of the third-party seller and (ii) Euro 650,000 in favour of SGE to pay

off a mortgage loan due to the latter from the third party on the Padua Property and acquired for Euro 531,541. SGE will thus avoid an outlay of Euro 620,000, which it would have had to pay for the purchase of the property, and it will also collect the entire receivable of Euro 650,000 and therefore it will benefit from the capital gain deriving from the repayment of the mortgage loan of Euro 118,459 (equal to the difference between Euro 650,000 and Euro 531,541, the price at which that receivable was acquired);

- (iii) the signing by SGE and Dream of a real estate lease contract concerning the Padua Property, for consideration of Euro 75,000 per year and a renewable period of validity of six years;
- (iv) the transfer by CPT Engineering S.r.l. (“CPT”), a subsidiary of Tesmec, to Dream of the property in Patrica (FR), where the CPT factory is located (the “Frosinone Property”), for consideration of Euro 1,019,220;
- (v) the signing by CPT and Dream of a real estate lease contract concerning the Frosinone Property, for consideration of Euro 63,265 per year and a renewable period of validity of six years;

((i), (ii), (iii), (iv) and (v) are jointly the “**Transaction**”); and

- express its opinion on Tesmec’s interest in carrying out the Transaction, as well as the convenience and substantial correctness of the relative conditions, pursuant to the provisions of Consob Regulation 17221 of 12 March 2010 (as subsequently amended and supplemented) and the Procedure Governing Transactions with Related Parties of Tesmec.

The Transaction constitutes a related party transaction in that:

- Dream and Tesmec are companies subject to control by the same company, TTC S.r.l. (“TTC”), which holds 99% of the share capital of Dream and 44.24%¹ of the share capital of Tesmec; and
- SGE and CPT are companies subject to control by the same company, Tesmec, which holds 100% of the share capital of SGE and 100% of the share capital of CPT.

Since the Issuer is a “*small-sized company*”, it makes use of the right to apply to the Transaction the procedure established for related party transactions of minor importance, as set forth in Article 10 of the Related Party Regulation.

The Board of Directors and the Committee for Transactions with Related Parties have engaged a single expert CBRE Valuation S.p.A. (the “**Expert**”) to support the corporate bodies themselves in conducting their assessments regarding the Transaction. Specifically, this engagement envisaged the appraisal of the market value of the Padua Property and the Frosinone Property in addition to the assessment of the market lease payment for the Padua Property and the Frosinone Property. Considering a view to limiting costs, The Committee for Transaction with Related Parties decided to use the Expert’s valuation.

Considerations with regard to economic and strategic justification as well as the methods for determining the Transaction consideration

The assessments regarding the economic and financial justification and convenience of the Transaction were carried out, first and foremost, by taking into consideration the Group’s strategy of focusing on operating activities, omitting all core activities of real estate companies and real estate management and development.

The assessments made by the Board of Directors with regard to the Grassobbio Property Complex, took into consideration the current financial situation of the Company. This situation does not allow to distract resources to be allocated to operations other than the funding of operating activities and, also, the burden of the debt for the possible exercise of the option may not be sustainable by the Company following the massive investment needed to finance the railway activities and the revival of north–American operations.

¹ Of which roughly 30.30% held directly by TTC and approximately 13.94% held through Fi. Ind. S.p.A., a subsidiary of TTC, which holds 57.09% of the share capital.

The former requirements related to the Grassobbio Property Complex have been considered no longer strategic, also in view of the impossibility to further extend the current assigned portion of the building due to the fact that most of the complex is leased to Reggiani, a company that was originally part of the Group, and in July 2015 was sold to the American Group EFI.

With reference, only to the economic justification, please take note that:

- With reference to the Grassobbio Property Complex:

The redefinition of the main clauses of the lease contract, with a reduction in the annual rent and a new contract term with expiry envisaged for 30 January 2027, will result in the contract being recognised in the accounts as an operating rental and therefore, in Tesmec's separate and consolidated financial statements at 31 December 2016, will entail the adjustment of the value of the land (Euro 4,016,160) and the building (Euro 14,912,939), as a de-recognition, with the corresponding adjustment of the relative loan with the leasing company (Euro 14,743,133), in addition to the recognition under financial receivables of the amount paid as an advance payment/deposit to secure the right of option of takeover in the original contract (Euro 1,836,000).

From the financial perspective, the transaction will result in an improvement of the net financial position in Tesmec's separate and consolidated financial statements at 31 December 2016 for a total of Euro 16,579,133.

From the economic point of view, this transaction will result in the recognition of a capital loss (Euro 2,349,966) arising from the difference between the adjustment in the value of land and the building and the adjustment of the loan, including the recognition of the amount paid as an advance payment/deposit. This capital loss will lastly entail a positive tax adjustment (Euro 737,889) on the determination of the Company's taxable profit.

Please also note that, for the Issuer, the amendment of the lease contract with Dream will entail, for the year 2017, the recognition of an increase in costs for lease payments of Euro 1,800,000 per year, a decrease in depreciation and amortisation of Euro 571,745 per year and a decrease in financial expenses of Euro 750,551 per year.

These effects will result in a positive tax adjustment of Euro 179,271 per year on the Company's taxable income.

- With reference to the Padua Property:

The possibility of not proceeding with the purchase of the property and the appointment of Dream as the purchaser of the preliminary contract, will entail, in the SGE financial statements and Tesmec's consolidated financial statements at 31 December 2016, the recognition of a financial receivable of Euro 650,000 against the repayment of a mortgage loan of Euro 531,541.

From the financial perspective, the transaction will result in improvement of the net financial position in the Company's separate financial statements and Tesmec's consolidated financial statements at 31 December 2016 for a total of Euro 118,459.

From the economic point of view, this transaction will result in the recognition of a capital gain (Euro 118,459) arising from the difference between the recognition of the financial receivable and the repayment of the mortgage loan. This capital gain will lastly entail a negative tax adjustment (Euro 32,576) on the determination of the Company's taxable profit.

Please also note that, for the Company, entering into the lease contract with Dream will entail, for the year 2017, the recognition of an increase in costs for lease payments of Euro 32,000 per year, corresponding to the difference between the amount of the new rental (Euro 75,000) and the previous lease payment (Euro 43,000).

This effect will result in a positive tax adjustment of Euro 10,084 per year on the Company's taxable income.

- With reference to the Frosinone Property:

The opportunity to transfer the property will entail, in the CPT financial statements and Tesmec's consolidated financial statements at 31 December 2016, an adjustment in the value of the land (Euro 189,358) and the building (Euro 829,862), with a corresponding adjustment of the relative loan granted to CPT by Banca Intesa (Euro 234,496).

From the financial perspective, the transaction will result in an improvement of the net financial position in the Company's separate financial statements

and Tesmec's consolidated financial statements at 31 December 2016 for a total of Euro 1,019,220.

Please also note that, for the Company, the amendment of the lease contract with Dream will entail, for the year 2017, the recognition of an increase in costs for lease payments of Euro 63,265 per year, a decrease in depreciation and amortisation of Euro 38,295 per year and a decrease in financial expenses of Euro 3,194 per year.

These effects will result in a positive tax adjustment of Euro 6,962 per year on the Company's taxable income.

With reference to the determination of the Transaction consideration, the Committee notes that with reference to the Grassobbio Property, which remains strategic for Tesmec as the Company's activities are carried out on site, the lease contract consideration was determined on the basis of the previous lease payment, to which a reduction was applied during negotiations at the request of Tesmec, also in consideration of the new contractual validity until 30 January 2027, without prejudice to all other original contractual provisions.

With reference to the Padua Property:

- (i) the consideration for the purchase of the property was established in the preliminary purchase contract signed by SGE and the third-party owner. This consideration of Euro 1,270,000 was compared with the Expert's appraised value of Euro 1,040,000. Also, considering this lower value – and the lack of interest in holding a property with building land – SGE appointed Dream as the purchaser of the property, as the latter had an interest in purchasing it for its own activities;
- (ii) the annual lease payment of Euro 75,000 was determined as part of the negotiations with Dream on the basis of the value determined by the Expert in its appraisal.

With reference to the Frosinone Property:

- (i) the consideration for the purchase of the property – no longer of interest for CPT in consideration of its building land – equal to Euro 1,019,220, was determined as part of the negotiations with Dream

and is equal to the net book value of the asset as recognised in the CPT financial statements, also taking into account the appraisal of the Expert, which determined the market value of that property as Euro 948,220;

- (ii) the annual lease payment of Euro 63,265 was determined as part of the negotiations with Dream on the basis of the value determined by the Expert in its appraisal.

Lastly, procedurally speaking the Committee observes that the Company has put the necessary oversight mechanisms into place to ensure the proper qualification of the Transaction and its resulting subjection to the relevant provisions of the Related Party Transaction Procedure and Regulation. In addition, in compliance with that Procedure, Tesmec guaranteed to the Committee suitable flows of information and supporting documentation, appropriate interactions with the Company management as well as substantial involvement during the negotiations phase, for the purpose of the Committee's assessment of the Transaction.

The Committee, having examined the terms and conditions of the Transaction, following the analyses carried out and the information received in the course of the investigation, having examined the Expert valuations, agrees with the opinion of the Board of Directors concerning the Company's interest in carrying out the Transaction and, as regards the convenience and substantial correctness of its conditions, this Committee has positively assessed the convenience and substantial correctness of the terms and conditions of the Transaction.

Conclusions

In light of the above and on the basis of the above justifications, the Committee unanimously expresses a

FAVOURABLE OPINION

with regard to carrying out the Transaction, as well as the convenience and substantial correctness of the relative conditions.

On behalf of the Committee for Transactions with Related Parties

(Chairman Sergio Arnoldi)

N.B.: IN THE EVENT OF DISCREPANCY BETWEEN THE ITALIAN AND ENGLISH VERSIONS OF THE TEXT, THE ITALIAN VERSION PRODUCED BY CBRE VALUATION SPA SHALL PREVAIL

VALUATION REPORT

Via Germania, 28
35127 Padua (PD)

TESMEC S.P.A.
Piazza Sant'Ambrogio,16
20123 Milan

Valuation Date: 10 November 2016

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5 INSTRUCTION LETTER

Only the following parties may rely on the contents of this Valuation Report ("**Report**"):

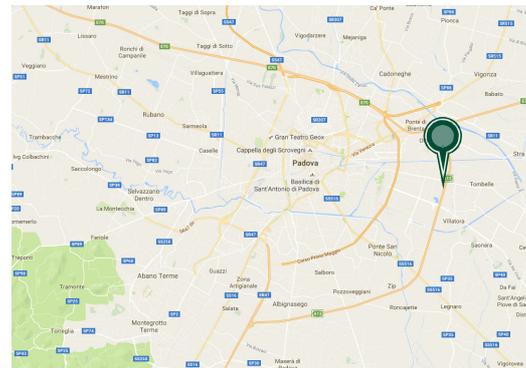
- (i) the Recipients of the Report; or
- (ii) Parties that have received, under the form of a reliance letter, prior written consent from CBRE.

This Valuation Report must be read and interpreted in its entirety, and the possibility to rely on it is strictly subject to the exclusions and limitations of liability outlined on page 18 of the Report. The reading of said information is highly recommended prior to acting as a result of reliance on the contents of the Valuation Report. If the information presented thus far is not comprehensible, consultation with an independent legal advisor is recommended.

1

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



The Property

Address: Padua (PD) - Via Germania, 28.

Predominant designated use: Offices/laboratories

Title

Full ownership.

We have not examined any deed of origin, as this was excluded from the scope of the instruction. The Client has indicated to us that the subject property is fully owned by "R&S LABORATORIO SRL".

Leasehold Scenario

The Property is let to the company "SGE SRL" through a lease agreement effective 1 March 2014; the property is used as offices and laboratories/storage space.

As per the information provided by the Owner, the current lease agreement shall expire upon sale of the building and shall be replaced by a new agreement for non-residential properties, with a term of 6+6 years, at an annual market rent that we have determined to be equal to €75,000.

Gross Income from Active Contracts (t=0)

€43,000 (approx. €42.00 per sqm per year)
per year

Net Income from Active Contracts (t=0)

Approx. €33,000.00 (approx. €32.00 per sqm per year)
per year

Gross Market Income (t=0)

Approx. €75,000.00 (approx. €75.00 per sqm per year)
per year

Net Market Income (t=0)

Approx. €65,000.00 (approx. €65.00 per sqm per year)
per year

Investment Value

The Investment Value as at 10 November 2016 is reasonably determined to be equal to:

€1,040,000.00 (ONE MILLION FORTY THOUSAND/00 EURO) net of VAT.

Rent Value

The Rent Value as at 10 November 2016 is reasonably determined to be equal to:

€75,000.00 (SEVENTY-FIVE THOUSAND/00 EURO) net of VAT.

Overview

Strengths

- Successful inclusion within a consolidated industrial/artisanal area consisting of small and medium-sized properties;
- Excellent accessibility due to the A13 Bologna-Padua motorway junction "Padova-Zona Industriale" situated near the property;
- Good size;
- Good state of repair;
- Residual building possibility.

Weaknesses

- Limited internal height (3.30 m on the ground floor), preventing use for artisanal activities;
- First floor entirely equipped as offices.

Opportunities

- Possibility to expand into the area behind the warehouse, where the residual building potential may be exploited.

Threats

- None in particular.

2

INSPECTION CERTIFICATE

INSPECTION CERTIFICATE

Report date	1 December 2016
Addressee	Tesmec Spa Piazza Sant'Ambrogio 20123 Milan (MI) – Italy Attn: Mr. Gianluca Bolelli
Owner	R&S LABORATORIO SRL
Property description	Self-contained building designated for office and laboratory use, situated in an isolated position within a regular lot having residual building capacity.
Ownership purpose	Investment
Instruction	To determine the Rent Value and Investment Value of full ownership of the subject asset of this valuation (the Property), fully disposable and free from any onerous or hampering restriction or condition, as at the Valuation Date and in accordance with the contents of our collaboration proposal of 26 October 2016 (offer ref. no. 233/16), subsequently integrated with email communication by Mr. Luca Marinelli, sent on 20 November 2016.
Valuation Date	10 November 2016
Capacity of Valuer	External

Purpose of the Valuation	Purchase
Investment Value	Investment Value as at 10 November 2016: €1,040,000.00 (ONE MILLION FORTY THOUSAND/00 EURO) net of VAT.
Rent Value	Rent Value as at 10 November 2016: €75,000.00 (SEVENTY-FIVE THOUSAND/00 EURO) net of VAT. Our opinion of Investment Value and Rent Value is based on the Scope of the Valuation and the Valuation Assumptions indicated below, as well as, where possible, recent market transactions for similar properties on an arm's length basis.
Compliance with Valuation Standards	This valuation has been drawn up in compliance with the January 2014 edition of the "RICS Valuation - Professional Standards" (the "Red Book") by the Royal Institution of Chartered Surveyors of the United Kingdom, translated into the Italian "Standard Professionali di valutazione RICS 2014". We confirm that we have sufficient knowledge of the current national and local market, as well as of the specific market in question, and that we also possess the expertise and knowledge necessary to undertake the analysis in a competent manner. In cases where the knowledge and expertise requirements of the Red Book are satisfied by more than one CBRE Valuer overall, we confirm that a list of the parties involved has been included in this work document and that each of the individuals satisfies the requirements of the Red Book.
Special Assumptions	None
Assumptions	The specific Property characteristics used as the basis for the valuation are those outlined in this Report. We also used information provided by the Client with regard to title, town planning and project aspects.

	<p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the final valuation figure may also be incorrect and may require revision.</p>
Variation from Standard Assumptions	<p>None.</p>
Market Conditions	<p>The values included in this report are from market surveys that we have conducted on the local real estate market. We believe this information to be representative of the market situation, according to the definitions contained herein, as at the Valuation Date. This assumes that the values identified refer to units that have been adequately marketed and with respect to which actual disposal has taken place as at the Valuation Date.</p> <p>However, we cannot rule out the fact that there may be additional segments of demand and/or supply for some of the assets examined that would modify, although not significantly, adoption of the individual unit parameters that we have selected and used as a reference.</p>
Valuer	<p>The Property has been assessed by an expert qualified for this purpose, in accordance with the RICS Valuation - Professional Standards (The Red Book).</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies that are part of the same group of companies in Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total revenues in Italy.</p>
Conflict of Interest	<p>We confirm that we have had no prior involvement with the present Owner and that a copy of our assessment with regard to conflict of interest is saved among the documentation in our possession.</p>
Reliance	<p>This valuation has been prepared solely for the necessities of your company, and we decline any responsibility with regard to any third party for all or</p>

any part of its contents.

Neither all nor any part of the Report, or any references thereto, may be quoted, published or reproduced in any manner without our prior written approval of the form and context in which it will appear.

Publication

Such publication of or reference to the Report shall not, in any case, be permitted unless it contains the appropriate reference to any departure from the Royal Institution of Chartered Surveyors Valuation – Professional Standards and/or the incorporation of any Special Assumptions referred to and highlighted herein.

We inform you that this report was prepared with the collaboration of:

- Luca Bosio

under the supervision of Laura Mauri, MRICS.

SCOPE OF WORK AND SOURCES OF INFORMATION

Sources of information We carried out the Instruction in accordance with the purposes indicated and based on the documentation provided by the Client, which we assumed to be complete and correct.

- **Cadastral plans;**
- **Sworn Appraisal drawn up by Alberto Colombi, Engineer, dated 24 June 2016;**
- **Preliminary Purchase and Sale Agreement signed by Anna Pellegrino, Notary Public, inv. no. 41909/vol. no. 12353, registered in Milan 1 on 30 June 2016 under no. 22189 Series 1T;**
- **Business Branch Lease Agreement between "S.G.E. SRL" and "S.G.E.-T SRL" signed by Carmine Mallardo, Notary Public, on 23 December 2013 (the registration details are not present);**
- **Lease Agreement between "S.G.E. SRL" (now "R&S LABORATORIO") and "S.G.E.-T SRL" (now "S.G.E. SRL") (missing signatures, registration details, effective date and contract expiry date).**

Any other sources of information are specifically indicated in this Report.

The Property

This Report contains a brief summary of the characteristics of the property on which our valuation is based.

Inspection

The Property was inspected internally on 3 November 2016.

The inspection was conducted by:

- Luca Bosio

Areas

We did not perform any measurements of the Property, in accordance with the Instruction received,

but we relied on the areas provided by the Client, which we assumed to be complete and correct.

Environmental Matters We have not conducted nor are we aware of the contents of any environmental analysis or any environmental or land survey that may have been carried out on the Property and that may contain references to any possible and/or verified contamination.

We have not carried out any assessments of the past or current uses of the Property, or of any surrounding land, in order to ascertain whether there are any potential environmental hazards and, therefore, we have assumed that there are none.

Condition and State of Repair We did not conduct any structural or building surveys, or carry out independent site inquiries, inspected exposed parts of the structure which were covered or inaccessible, or conducted investigations to identify the presence and use of dangerous construction materials or techniques in any part of the Property. We are, therefore, unable to give any assurance that the Property is free from such defects.

Town planning We conducted inquiries with Public Administration with regard to the Property's town planning status. The information included in this document refers to the documentation made available by the Municipality of Padua on its web site.

We therefore decline responsibility for any consequences resulting from incorrect information and/or omissions.

Title and Leasehold Scenario Details of title/ownership of the Property and of any lease agreements were provided by the Client. Information from deeds, contracts or other documents indicated in the Report stems from the pertinent documents examined. However, please note that interpretation of the documents of title/ownership (including relevant deeds, leases and permits) is the responsibility of your legal advisor.

The sole objective of the analysis is to determine the

Investment Value of the asset, and not any commercial licences and/or related goodwill.

VALUATION ASSUMPTIONS

Investment Value (fast sale hypothesis)

"Investment Value" refers to the gross amount that can reasonably be obtained upon disposal of the assets on the free market, assuming a limited amount of time in which to identify a buyer.

In determining this value, a discount must be taken into consideration, based on forecasts of the current real estate market, under the aforementioned assumption that the seller has a limited amount of time in which to identify a buyer.

Rent Values

Any rent values indicated in this Report are those that we have deemed appropriate in order to calculate the relative sale value and are not necessarily appropriate for other purposes, nor do they necessarily correspond to the definition of Market Rent as per the "RICS Valuation - Professional Standards".

The Property

Building systems such as lifts, heating plant and other systems generally installed by the Owner were considered as part of the Property and therefore included in our valuation.

Specific items belonging to the occupiers, such as industrial equipment, machinery, furniture and special commercial equipment, were excluded from our valuation.

All references to size and date of construction/installation included in the Report are approximate.

Environmental Matters

Without any information to the contrary, we have assumed that:

(a) the Property is not contaminated or subject to environmental laws or proposed legislation that could negatively impact it;

(b) the Property and the activities carried out within it comply with the environmental regulations in

effect;

(c) the Property possesses or will possess, in accordance with the national provisions on the transfer and letting of real estate, an Energy Performance Certificate or equivalent.

Condition and State of Repair

Without any information to the contrary, we have assumed that:

(a) as at the Valuation Date, there are no anomalous ground conditions, nor archaeological remains, which could adversely affect the current or future occupation, development or value of the Property;

(b) the Property is free from rot, infestation or structural or latent defects;

(c) no materials, including but not limited to composite materials, currently recognised as harmful or dangerous and no irregular techniques were used during construction of the Property, or for any subsequent additions or improvements;

(d) the services, controls and related systems are all functional and without defect.

We have taken into account the age and apparent general condition of the Property. The comments made on the details of the same are not intended to express opinions or provide recommendations on the condition of non-inspected parts and must not be interpreted, even implicitly, as having certification value.

Title, Town Planning, Leasehold Scenario, Taxation, Requirements by Law and by the Local Authorities

Unless stated otherwise within this Report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property is fully transferable and free from any onerous or hampering restrictions or conditions;

(b) all of the buildings were constructed prior to the effective date of or in compliance with the town planning provisions in effect, or they will be constructed in accordance with the town planning

and building provisions in effect as at the Valuation Date, and are subject to permanent permits that allow their current/considered use;

(c) the Property is not adversely affected by town planning instrument in effect or by proposals for new infrastructure;

(d) all of the buildings are compliant, or will be fully compliant, with all statutory and/or local authority requirements with regard to construction, fire prevention, health and safety regulations, and are therefore fully accessible;

(e) it is possible, when changes are necessary in order to comply with the provisions on the removal of architectural barriers, to carry out said interventions on the Property only through marginal and occasional costs;

(f) there are no tenant's improvements that will materially affect our opinion of the market rent that would be obtained on review or renewal;

(g) any present/future tenants meet/will meet their obligations under their leases;

(h) there are no restrictions or limitations on use that could negatively impact the value indicated;

(i) where relevant, the Landlord, if requested, shall not deny permission to dispose of the Property;

(j) all vacant areas or areas designated for instrumental use as at the Valuation Date may be considered as free and available;

(k) In Italy, it is common and often fiscally advantageous for transfers of real estate to take place via transfers of the capital of real estate companies: therefore, property valuations do not normally take into account transaction costs.

That being said, our valuation does not make any deductions for costs such as transaction duties, income taxes or taxes on capital gains, other taxes

and duties (with the sole exclusion of property taxes and registration tax), legal fees, etc. All amounts regarding costs and/or revenues expressed in this valuation report, as well as any values deriving from them, should be considered net of VAT.

LEGAL INFORMATION

This Valuation Report (the "**Report**") has been drawn up by CBRE Valuation S.p.A. ("**CBRE**") for the exclusive use of Tesmec Spa (the "**Client**"), in accordance with the contents of our collaboration proposal of 26 October 2016, offer ref. no. 233/16 (the "**Instruction**"), between CBRE and the Client. The Report is confidential and may not be provided to any other party other than the Client without prior written authorisation by CBRE. CBRE has provided the Report on the assumption that it will be read and used exclusively by the Client and that no other individual or third party may rely on it ("**Reliance**") unless authorised by CBRE in writing. In cases where CBRE has expressly granted an individual or a third party other than the Client permission to rely on the Report, CBRE shall have no additional responsibility towards said parties with respect to what it would have had if said parties had been identified in the Instruction as the Client.

CBRE's total maximum liability with respect to the client and any parties authorised to rely on the Report, arising by contract, wrongful act, negligence or other, may not in any case exceed:

- (i) 25% of the property's value according to the Instruction (as at the Instruction Date) or, if not present, based on the Market Value as defined by the international valuation standards; or
- (ii) €10,000,000.00 (ten million/00 Euro); and CBRE shall not be liable for any loss or damage, indirect, special or consequent, arising by contract, wrongful act, negligence or other, stemming from or related to the Report. Nothing in the Report may exclude liabilities that cannot be excluded by law.

3

VALUATION REPORT

PROPERTY DETAILS

Location

The subject property is located at Via Germania, 28, in the southern industrial zone of the city of Padua and in a peripheral position east of the city's historic centre.

Via Germania is a wide, two-way road forming a sort of ring joining at Viale della Regione Veneto, with a good supply of parking along the road.

A location map is provided in Attachment A.

Surrounding area

The urban surroundings include small to medium-sized properties for artisanal and industrial use, in addition to a number of office buildings predominantly along the main roadways (Corso Stati Uniti, Via Lisbona, Viale della Regione Veneto).

The quadrant bound by Viale della Regione Veneto and Via Germania is fully saturated, containing industrial-type buildings constructed starting from around the 1990s, of good qualitative level on average, almost always including an office portion along the main facade, generally with two floors, while the rear is equipped as laboratory/workshop space, etc.

The area also features a number of buildings with higher commercial value, such as a cash & carry, a mechanic's, a body shop, a gym and a number of car dealerships (exclusively along Viale della Regione Veneto). The "Padovaland" aquatic park is located a few hundred metres away and features pools, a large manmade lake and ample green area.

In the Corso Stati Uniti section, between Via Lisbona and Corso Argentina, we find numerous prefabricated buildings constructed very recently, equipped for use as wholesale retail on the ground floor (particularly of Chinese origin), in addition to car dealerships, etc. and offices on the first floor.

Area maps are provided in Attachment B.

Accessibility by car

Excellent accessibility with private means: the area is easily accessible from both the city as well as from outside of it, thanks to the presence of a good infrastructure of high-speed roads close to the subject complex, such as: the "Padova Est" exit of the A4 Milan-Venice motorway, the "Padova Sud" exit of the A13 Padua-Bologna motorway, Corso Argentina - wide, two-way, four-lane roadway that constitutes a sort of link joining the two motorway exits - and Corso Stati Uniti (Provincial Road 40, known as "Strada dei Vivai").

A short distance away we also find the cargo railway hub and the Padua freight terminal connected via the Padua-Venice waterway that leads into the Brenta river, providing access to the Adriatic Sea.

Accessibility through Public Transport

A public bus line provides a direct connection between the industrial zone and the rest of the city, with stops along Viale della Regione Veneto.

Description

The subject property of this report is an artisanal warehouse situated on a flat, rectangular plot of land in Padua's eastern industrial zone.

The lot, which borders with third-party property on three sides and Via Germania on the last one, is surrounded by concrete walls and reinforced concrete edging, with overlying metal fence along the main facade. The property is accessed through a vehicular entrance with sliding, automated gate and via a pedestrian entrance at street number 28.

The area is fully paved with river gravel, except for the loading/unloading area which has cement paving.

The building, in an isolated position within the lot, was constructed at the beginning of the 1990s. It has the typical characteristics of buildings for artisanal use (warehouses), with structure frame in prefabricated reinforced concrete elements (beams, pillars, and floor slabs with double-T beams), infill walls with concrete panels and flat roof.

The building has a rectangular shape and comprises two floors. Although it has the typical features of artisanal warehouses, it is used entirely for offices on the first floor, while the ground floor, with internal height of 3.30 m, is predominantly used as laboratory/office space and, in the remaining portion, as storage and for the loading and unloading of goods.

The building is accessed from the main facade, which has the employee entrance and the stairwell connecting to the first floor. The northern side has a large metal door providing access to the loading/unloading and warehouse area.

A description of the two floors comprising the building is provided below.

Ground floor: large area (inspection laboratory) in which two offices were created by using glass walls and laminate panels on an aluminium structure, a testing laboratory, a loading/unloading area, storage, an operations office and two bathrooms. The internal finishes are appropriate for the designated use in question and feature uniform floors in quartz-polished concrete, partition walls in concrete, and floor slab with exposed systems (neon, smoke detection, etc.).

First floor: entirely used as offices of various sizes, created using partition walls in plastered and painted brickwork and/or demountable partitions in laminate and

glass; good level of internal finishes with uniform gres floors, suspended ceilings in fibre panels with recessed neon lights, windows with painted aluminium frames and double glazing, smoke detection system and hot/cold fan-coil units.

The property is completed by a heating plant accessible exclusively from the outside, with boiler and air conditioning system on the roof, and metal canopy with PVC cover occupying the entire eastern side of the lot.

No particular signs of degradation were observed during the interior and exterior inspection. The overall state of repair is good, thanks to regular ordinary maintenance.

Photographs of the property are provided in Attachment C.

Services and Systems

The systems present in the subject property comprise the following:

- electrical system with direct LV supply from Enel station;
- heating plant with natural gas-powered boiler, connected to the municipal gas distribution network;
- air conditioning system with fan-coil units;
- disposal system connected to the municipal collector;
- water supply system with direct connection to the municipal network;
- fire prevention system connected via pumps to underground tank, with hoses and extinguishers;
- exterior/interior lighting system with neon lights.

Areas

In determining the areas, we relied on data received from the Client, as mentioned above. With regard to the condition of the areas, we did not verify the existing space, not even through sample measurement.

A summary table of areas is provided in Attachment D.

State of Repair

CBRE did not undertake any assessment, either structural or of the systems present, and we were not provided with any relative reports by third parties. For the purposes of the valuation, we carried out a limited visual survey of the property during the inspection.

Environmental Considerations

In accordance with the assigned Instruction, we have not conducted any environmental surveys in order to establish whether there is a potential danger of contamination, in relation to the current or past activities carried out within the property, nor any surveys on the use and condition of the soil and subsoil or the state of the surrounding area.

Therefore, we have assumed that the property is free from any potential environmental liabilities. Where not expressly indicated, we assume that the property and the activities carried out within it are in compliance with the environmental regulations in force.

Property Taxes

Category

Address	Description	Amount (€)
Via Germania, 28	IMU	5,625.00

Source: Appraisal

Cadastral Data

A detailed summary of the cadastral data, as well as identification of the assets via outlining of the relative Map Excerpt in green, is provided in Attachment F.

Note that the information highlighted is purely of a descriptive nature and has no certification value, not even implicitly.

According to the documentation received, the subject property is owned by "R&S LABORATORIO SRL", as recorded in the Land and Building Register of the Municipality of Padua (PD):

Land Register

Padua, Via Germania, 28

SHEET	PARCEL NO.	CATEGORY	HECTARES	ARES	CENTIARES	YIELD (€)	NOTES
147	965	<i>Ente urbano*</i>	-	16.00	83.00	-	-
150	669	<i>Ente urbano*</i>	-	4.00	78.00	-	-

Source: Client

Building Register

Padua, Via Germania, 28

SHEET	PARCEL NO.	SUB.	CAT.	CAD. ZONE	FLOOR	SIZE (ROOMS)	AREA (SQM)	YIELD (€)
147	965	-	D/1	2.00	G-1	-	-	8,326.00
150		-						

Source: Client

Town planning

An excerpt of the zoning schedules and regulations to which the subject property is subject are provided in Attachment G.

According to the Intervention Plan (former Master Plan) of the Municipality of Padua, the latest variant of which was approved with Municipal Council Resolution no. 34 of 9 May 2016, the subject property falls within the "Industrial Zone" governed by Art. 21 of the Technical Standards.

Art. 21 INDUSTRIAL ZONE

The following are permitted in the Industrial Zone:

- a) production uses: industrial, artisanal, logistics and intermodal transport;
- b) commercial uses, with regard to the real estate, limited to:
 - areas to sell and serve to the public food and beverages up to a maximum serving area of 300 (three hundred) sqm;
 - public parking garages;

**Ndt: Ente Urbano* - literally, Urban Structure, essentially referring to a plot of land that is no longer recorded in the Land Register, but in the Building Register.

- fuel distribution facilities (car washes, kiosks, newsstands, etc.);
- sports or recreational facilities for companies;
- bank and insurance branches;

b1) Wholesale trade;

b2) Retail trade conducted in the production areas;

b3) Retail trade with sales areas of between 251 (two hundred and fifty-one) sqm and 2500 (two thousand five hundred) sqm, excluding neighbourhood shops, for the sale of the following products with large space requirements:

- furniture;
- machines, equipment and technical items for agriculture, industry, commerce and artisanship;
- automobiles, motorcycles, bicycles and relative accessories and spare parts;
- fuels;
- building materials;
- wood;
- sailing.

.....

d) companies and entities active in scientific and technological research; companies and entities working in information technology and data communication, software production and applications, and specialised technical and scientific applications, promotion of employment and technological innovations;

.....

Interventions involving new construction, expansion, demolition and new construction of buildings for non-production use, beyond what is envisaged in the prior paragraphs, must respect the following provisions:

- maximum building ratio in terms of GFA equal to 1 sqm/sqm;
- maximum covered area of 50% (fifty percent).

In the interventions pursuant to the above paragraph regarding lots already built, as at 1 July 2008, the realisable GFA must not be greater than the existing one and in any case within the ratio limit and the covered area defined above.

.....

Constructions for productive use are not required to comply with the ratios under the above paragraph, including multi-storey buildings (number of habitable floors greater than two), the latter of which only if used by a single production business or by companies active in specialised scientific and/or technological research,

information technology and data communication and software production; in any case, the multi-storey construction must be structured as and remain a single property.

For the interventions under the above paragraphs, the following are required:

- private-appurtenant parking of at least 1 (one) sqm per 2.5 (two point five) sqm of new construction, expansion and refurbishment;
- public parking and/or parking for public use, for non-production uses or uses that involve flows of public, in an amount of at least 40 (forty) sqm per 100 (one hundred) sqm of net floor area.

.....

Taxes

In Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies: therefore, property valuations do not normally take into account transaction costs.

That being said, our valuation does not make any deductions for costs such as transaction duties, income taxes or taxes on capital gains, other taxes and duties (with the sole exclusion of property taxes and registration tax), legal fees, etc. All amounts regarding costs and/or revenues expressed in this valuation report, as well as any values deriving from them, should be considered net of VAT.

LEGAL CONSIDERATIONS

Title

An analysis of the preliminary Purchase and Sale Agreement of 30 June 2016, inv. no. 41909 - vol. no. 12353, drawn up by Notary Public Anna Pellegrino, shows that the company "R&S LABORATORIO SRL" has full ownership of the property.

Leasehold Scenario

The subject building is let to the company "SGE Srl" (formerly SGE-T Srl) through a lease agreement (without stamp and registration date, or effective and expiry dates), for an annual rent of €30,000.00. The lease agreement is an integral part of a business branch lease agreement effective from 1 March 2014.

As an integration to this contract, we were provided with a private written agreement dated 4 January 2016, between the Owner ("R&S LABORATORIO SRL") and "SGE Srl", stating that the rent in the contract stipulated on 23 December 2013 would increase to €43,000.00 starting on 1 January 2016.

We remind you that, upon your express request, this valuation does not take into consideration the above, as better described in the paragraphs below.

MARKET COMMENTARY

Supply

Over the last few years, as a result of the economic-financial crisis that is still underway in some segments of the market, there have been numerous cases of business or company closures. The immediate consequence of this is an accumulation of supply of commercial properties, namely those dedicated to companies and businesses, particularly in the industrial, productive and artisanal sectors. Even Padua, a city with a heavy industrial and entrepreneurial spirit, has undergone major setbacks that have currently resulted in it having higher supply than demand, particularly for buildings with low added value that are dated and no longer in line with present requirements.

Demand

Conversely, demand, due to the negative effects of the aforementioned economic-financial crisis, has gradually diminished and has in any case been redefined. The areas in demand are smaller as well, as the number of employees in many companies has decreased, following layoffs, dismissals or due to operating cost containment requirements.

Take-up

The take-up rate has gradually declined as well, with a consequent lengthening of average purchase and sale times, often completed with a significant discount compared to the initial asking price. Moreover, the productive sector, characterised by artisanal and industrial buildings, has always featured high specificity of demand, whereby occupiers seek properties customised for the activities to be conducted within them.

Vacancy Rate

The vacancy rate has been gradually increasing, due to the many company crises that have been triggered and, in a number of cases, concluded negatively over the last few years. To deal with this situation, landlords are increasingly willing to grant incentives for the letting of space, in the form of periods of free rent, stepped rent, etc.

The Market

Padua's southern industrial zone has an essentially uniform urban fabric with predominantly industrial-artisanal medium-sized buildings, with the exception of a number of office buildings along the main roadways, mainly dating back to the 1990s. Market research has identified a large number of artisanal properties available on both a leasehold as well as freehold basis, while the units for office use

are situated within large office buildings along Corso Stati Uniti, Via Lisbona, Via Uruguay, etc.

Therefore, there are many comparables within the subject area, with average annual unit rents of around €40-60/sqm for artisanal properties, while annual average rents for office units are about €70-90/sqm, although additional discounts on the initial asking price may be obtained during negotiations.

The main market comparables are summarised in the following table.

Artisanal Warehouses to Let

N.	CITTA'	INDIRIZZO	UBICAZIONE	DESTINAZIONE	QUALITA'	SUPERFICIE LORDA	PREZZO CANONE UNITARIO	PREZZO CANONE TOTALE	VENDITA O AFFITTO	NOTE
1	Padova	Via Lussemburgo	periferia	Artigianale	sufficiente	1.235	30	36.000	Affitto	Capannone industriale mq.1.100 + uffici mq.150 con ampio scoperto (lotto mq. 2.200).
2	Padova	via Lisbona	periferia	Artigianale	sufficiente	1.500	35	54.000	Affitto	Capannone su due livelli ideale per commercio/deposito/trasporto auto e autoveicoli leggeri.
3	Padova	corso Stati Uniti	periferia	Artigianale	sufficiente	1.200	40	44.400	Affitto	Capannone commerciale con H: 5 mt. Riscaldamento autonomo e ampio parcheggio.
4	Padova	via Delfinato ang.via Sicilia	periferia	Artigianale	buono	700	45	30.000	Affitto	Capannone con Carroponte ST
5	Padova	corso Stati Uniti	periferia	Artigianale	buono	4.535	50	216.000	Affitto	Capannone singolo di Mq 4.400 ad uso produttivo, H 7.00 mt, con Mq 150 di uffici al PT. Quattro portoni carrai. Impianto splinker antincendio, cuspolini per illuminazione ed aereazione, REI 120.
6	Padova	via Portogallo	periferia	Artigianale	buono	560	50	27.600	Affitto	Immobile con portone carraio di 6 m, vetrina di 18 m lineari, pavimentazione in mattonelle. Copertura coibentata e rifatta nel 2012, assenza di amianto nella copertura, immobile con CPI.
7	Padova	Via Svizzera	periferia	Artigianale	buono	1.100	60	66.000	Affitto	Capannonedi 900mq con 200mq di uffici su due livelli e area esterna complessiva di 2.400mq con altezza utile interna 7,00.

Offices to Let

N.	CITTA'	INDIRIZZO	UBICAZIONE	DESTINAZIONE	QUALITA'	SUPERFICIE LORDA	PREZZO CANONE UNITARIO	PREZZO CANONE TOTALE	VENDITA O AFFITTO	NOTE
1	Padova	Via Andorra, 24	periferia	Ufficio	buono	200	90	18.000	Affitto	Ufficio open space di 200mq open space, cdz, pavimento galleggiante, posto al primo di una palazzina uffici di co, plesso artigianale. Dotato di ascensore. Buone finiture
2	Padova	Corso Stati Uniti	periferia	Ufficio	buono	345	90	30.000	Affitto	Ufficio in complesso direzionale anni '90, composto da 10 vani. Buone finiture, ottima accessibilità. Dotato di 4 posti auto
3	Padova	-	periferia	Ufficio	buono	200	90	18.000	Affitto	Ufficio in zona industriale, all'interno di complesso direzionale anni '90, posto al primo e ultimo piano, composto da due grandi vani, con servizi e quattro posti auto esterni. Libero e ben tenuto.
4	Padova	-	periferia	Ufficio	buono	600	70	42.000	Affitto	Ufficio in zona industriale, all'interno di complesso direzionale anni '90, si sviluppa su due piani con 5 vani oltre ad open space di 250mq; dotato di area esterna esclusiva di 500mq con posti auto esterni.

Artisanal Warehouses to Let

N.	CITTA'	INDIRIZZO	UBICAZIONE	DESTINAZIONE	QUALITA'	SUPERFICIE LORDA	PREZZO CANONE UNITARIO	PREZZO CANONE TOTALE	VENDITA O AFFITTO	NOTE
1	Padova	Via Lussemburgo	periferia	Artigianale	sufficiente	1.235	400	510.000	Vendita	Capannone industriale mq.1.100 + uffici mq.150 con ampio scoperto (lotto mq. 2.200).
2	Padova	viale Regione Veneto	periferia	Artigianale	sufficiente	1.100	545	600.000	Vendita	Porzione di capannone anno 1990 con destinazione D/8 commerciale-produttiva con 3 uffici, 2 servizi, altezza 6 mt. Riscaldato, scoperto esclusivo.
3	Padova	via Belgio 4	periferia	Artigianale	sufficiente	2.300	610	1.400.000	Vendita	Capannone a destinazione mista industriale-artigianale-commerciale ingrosso, realizzato nel 1989, su lotto di mq. 2.200, articolato in due piani fuori terra più soppalco.
4	Padova	via Piemonte	periferia	Artigianale	buono	1.235	660	820.000	Vendita	Capannone singolo suddiviso su due piani con destinazione d'uso mista commerciale e produttiva, anno di costruzione 1997. Piano terra di mq. 650 dedicato alla vendita e magazzino, ulteriori 650 mq. al piano superiore dedicato a uso uffici/laboratori/servizi per un totale complessivo di 1.300 mq. circa. Copertura piana senza eternit. 5 bagni.
5	Padova	via Belgio 1	periferia	Artigianale	buono	3.250	740	2.400.000	Vendita	Immobile ad uso laboratorio industriale (cat. D/7) costituito da due unità adiacenti con area scoperta recintata adibita a parcheggio e spazio di manovra. Corpo principale presenza di uffici al PT-1P (H: 2,85 mt.) collegati da due vani scala; parte produttiva su unico livello con H: 6,10 mt. A ridosso fra il corpo principale e confine ovest, posizionato un locale accessorio collegato internamente al locale principale, sviluppato su unico livello.
6	Padova	via Messico	periferia	Artigianale	buono	3.195	875	2.800.000	Vendita	Capannone per vendita all'ingrosso di 3.265 mq (2.565 mq di capannone altezza 6,5 mt + 700 mq di uffici) con ampio parcheggio. Stabile del 1995, riscaldamento autonomo, aria condizionata.
7	Padova	Via Lisbona	periferia	Artigianale	buono	250	1.000	250.000	Vendita	Capannone in complesso artigianale e direzionale del 2008, no fronte strada, classe energetica B. Internamente soppalcabile. Buona qualità.

Opinion on Market Rent

Based on the above analyses, we have defined the following unit rent parameters, differentiating them as follows:

- Laboratories/warehouses, ground floor: €60/sqm/year;
- Offices, ground floor: €70/sqm/year;
- Offices, first floor: €90/sqm/year;

These unit rents result in an annual average market rent of approximately €75,000.00.

VALUATION CONSIDERATIONS

The purpose of this document is to assess, based on the Investment Value, full ownership of the subject asset of this valuation (the Property), fully disposable and free from any onerous or hampering restriction or condition, as at the Valuation Date and in accordance with the contents of our collaboration proposal of 26 October 2016 (offer ref. no. 233/16), subsequently integrated with e-mail by Mr. Luca Marinelli, sent on 20 November 2016.

Key Aspects Considered

Strengths

- Successful inclusion within a consolidated industrial/artisanal area consisting of small and medium-sized properties;
- Excellent accessibility due to the A13 Bologna-Padua motorway junction "Padova-Zona Industriale" situated near the property;
- Good size;
- Good state of repair;
- Residual building possibility.

Weaknesses

- Limited internal height (3.30 m on the ground floor), preventing use for artisanal activities;
- First floor entirely equipped as offices.

Opportunities

- Possibility to expand into the area behind the warehouse, where the residual building potential may be exploited.

Threats

- None in particular.

Marketability and Potential Purchasers

The subject asset of this report is considered to be of limited appeal on the local market over the short term, mainly because, although it is a good-quality building that has been well-maintained, it has a large office area on the first floor, while the laboratories and warehouse space on the ground floor have a limited height (3.30

m) that prevent it being used as an artisanal warehouse, which generally have an average height of 6.50 to 7.50 m.

These elements sharply limit the appeal of a property that is quite consolidated within the industrial zone and that would have had greater success if it possessed the characteristics specific to productive/artisanal use.

Valuation Method

We have used generally accepted valuation methods and principles in preparing our estimate.

To determine the Investment Value for the Building component, we deemed it appropriate to apply the Income Approach.

For this Approach, we considered the following:

- gross annual rent from a hypothetical leasing of the asset, at current market rents;
- property costs estimated by us and/or provided by the Client (administration, IMU-Tasi property taxes, insurance, etc.);
- net capitalisation rate.

The net annual rent income determined in this manner was capitalised at a rate considered appropriate, given the functional type, location and appeal of the asset.

To determine the Investment Value for the Buildable Land component, we deemed it appropriate to apply the Sales Comparison approach.

Under the Sales Comparison (or Market) approach, we carried out a comparison with properties that have recently been sold or offered on the real estate market and which possibly have the same characteristics.

The values obtained were adjusted in order to take into account parameters such as: age, wear and tear, maintenance condition and location, in relation to the comparables identified by market research conducted on site.

Moreover, in establishing the unit values, we also considered other factors that could impact the values: location, distribution of areas, accommodation, type of construction, construction characteristics and state of repair.

Buildable area

In determining the Market Value of the portion of the lot with residual building potential, we used the sales comparison or market method, based on a comparison with properties that have recently been sold or offered on the real estate market and which possibly have the same characteristics. In this case, we used existing unit

prices in the zone for buildable areas for artisanal use, amounting to €150-160/sqm.

Investment Value

In accordance with the provisions of the January 2014 edition of the "RICS Valuation - Professional Standards" of the Royal Institution of Chartered Surveyors of the United Kingdom, translated into the Italian "Standard Professionali di valutazione RICS 2014", "Investment Value" is defined as:

"the gross amount that can reasonably be obtained upon disposal of the assets on the free market, assuming a limited amount of time in which to identify a buyer.

In determining this value, a discount must be taken into consideration, based on forecasts of the current real estate market, under the aforementioned assumption that the seller has a limited amount of time in which to identify a buyer."

In this case in particular, the property's Investment Value was calculated via direct capitalisation of the Net Annual Rent that we determined based on the annual unit rents identified through market surveys carried out on site.

In defining the Investment Value, we assumed that the building, currently let with a regular lease agreement, would be subject, as at the Valuation Date, to a new standard lease agreement for non-residential properties, with a term of 6+6 years, at the market rent that we have determined.

Rent Value

In accordance with the provisions of the January 2014 edition of the "RICS Valuation - Professional Standards" of the Royal Institution of Chartered Surveyors of the United Kingdom, translated into the Italian "Standard Professionali di valutazione RICS 2014", "Market Rent" is defined as:

"the estimated amount at which a property would be let, on the valuation date, by a lessor to a tenant in an arm's-length transaction, whereby both parties are interested in the transaction, based on adequate contractual terms and at competitive conditions, after proper marketing wherein the parties had each acted knowledgeably, consciously and without compulsion".

OPINION OF VALUE

Investment Value

We are of the opinion that the Investment Value of full ownership of the subject asset of this report (the Property) as at 10 November 2016 is:

€1,040,000.00

(one million forty thousand/00 Euro).

Net of VAT.

Rent Value

We are of the opinion that the Rent Value of the subject asset of this report (the Property) as at 10 November 2016 is:

€75,000.00

(seventy-five thousand/00 Euro).

Net of VAT.

The valuation schedules are provided in Attachment G.

N.B.: IN THE EVENT OF DISCREPANCY BETWEEN THE ITALIAN AND ENGLISH VERSIONS OF THE TEXT, THE ITALIAN VERSION PRODUCED BY CBRE VALUATION SPA SHALL PREVAIL

VALUATION REPORT

Via Morolense Snc
30010 - Patrica (Fr)

*TESMEC S.P.A.
Piazza Sant'Ambrogio,16
20123 Milan*

Valuation Date: 10 November 2016

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 - OPINION OF VALUE
- 4 INSTRUCTION LETTER

Only the following parties may rely on the contents of this Valuation Report ("**Report**"):

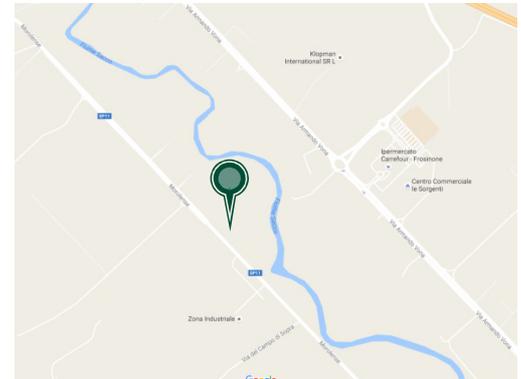
- (i) the Recipients of the Report; or
- (ii) Parties that have received, under the form of a reliance letter, prior written consent from CBRE.

This Valuation Report must be read and interpreted in its entirety, and the possibility to rely on it is strictly subject to the exclusions and limitations of liability outlined on page 17 of the Report. The reading of said information is highly recommended prior to acting as a result of reliance on the contents of the Valuation Report. If the information presented thus far is not comprehensible, consultation with an independent legal advisor is recommended.

1

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



The Property

Address: Patrica (Fr) - Via Morolense Snc.

Predominant designated use: Industrial

Title

Full ownership.

We have not examined any deed of origin, as this was excluded from the scope of the instruction. The Client has indicated to us that the subject property is fully owned by CPT Engineering Srl.

Leasehold Scenario

The Property is not let but is currently used by the aforementioned Company that owns it for purposes instrumental to the exercising of its business, namely the production of energy measurement systems.

Gross Market Income (t=0)

€63,265.00 (€36.00 per sqm per year)
per year

Net Market Income (t=0)

€53,854.00 (€30.79 per sqm per year)
per year

Market Value

The Market Value as at 10 November 2016 is reasonably determined to be equal to:

€1,150,000.00 (ONE MILLION ONE HUNDRED AND FIFTY THOUSAND/00 EURO) net of VAT.

Overview

Strengths

- Successful inclusion within a consolidated industrial area for a number of years;
- Presence of major production plants;
- Excellent accessibility due to the presence of the A1 motorway junction near the property;
- Overall adequate size with respect to demand requirements.

Weaknesses

- Manoeuvring space within the lot apparently not adequate for trucks;
- Some parts of the property are in a state of abandonment (former canteen);
- Some cases of peeling plaster.

Opportunities

- Possibility to expand into the area behind the main building, where residual building potential may be exploited.

Threats

- Presence of adjacent facilities that produce substances for the cosmetics industries which cause potentially polluting and foul-smelling emissions;
- Presence of a landfill near the subject property;
- Market segment in a downward phase, with high vacancy rates and potentially long and difficult disposal times.

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INSPECTION CERTIFICATE

INSPECTION CERTIFICATE

Report date	1 December 2016
Addressee	Tesmec Spa Piazza Sant'Ambrogio 20123 Milan (MI) – Italy Attn: Mr. Gianluca Bolelli
Owner	CPT Engineering Srl
Property description	Industrial complex with photovoltaic plant on the roof and external appurtenant area, part of which has residual building potential.
Ownership purpose	Investment
Instruction	To assess, based on Market Value, full ownership of the subject property (the Property) of this valuation, fully disposable and free from any onerous or hampering restriction or condition, as at the Valuation Date and in accordance with the contents of our collaboration proposal of 26 October 2016 (offer ref. no. 233/16).
Valuation Date	10 November 2016
Capacity of Valuer	External

**Purpose of the Purchase
Valuation**

Market Value

Market Value as at 10 November 2016:

€1,150,000.00 (ONE MILLION ONE HUNDRED AND FIFTY THOUSAND/00 EURO) net of VAT.

Our opinion of Market Value is based upon the Scope of the Valuation and the Valuation Assumptions indicated below, as well as, where possible, recent market transactions for similar properties on an arm's length basis.

**Compliance with
Valuation Standards**

This valuation has been drawn up in compliance with the January 2014 edition of the "RICS Valuation - Professional Standards" (the "Red Book") by the Royal Institution of Chartered Surveyors of the United Kingdom, translated into the Italian "Standard Professionali di valutazione RICS 2014".

We confirm that we have sufficient knowledge of the current national and local market, as well as of the specific market in question, and that we also possess the expertise and knowledge necessary to undertake the analysis in a competent manner. In cases where the knowledge and expertise requirements of the Red Book are satisfied by more than one CBRE Valuer overall, we confirm that a list of the parties involved has been included in this work document and that each of the individuals satisfies the requirements of the Red Book.

Special Assumptions

None

Assumptions

The specific Property characteristics used as the basis for the valuation are those outlined in this Report. We also used information provided by the Client with regard to title, town planning and project aspects.

If any of the information or assumptions on which the valuation is based are subsequently found to be

incorrect, the final valuation figure may also be incorrect and may require revision.

Variation from Standard Assumptions None.

Market Conditions

The values included in this report are from market surveys that we have conducted on the local real estate market. We believe this information to be representative of the market situation, according to the definitions contained herein, as at the Valuation Date. This assumes that the values identified refer to units that have been adequately marketed and with respect to which actual disposal has taken place as at the Valuation Date.

However, we cannot rule out the fact that there may be additional segments of demand and/or supply for some of the assets examined that would modify, although not significantly, adoption of the individual unit parameters that we have selected and used as a reference.

Valuer

The Property has been assessed by an expert qualified for this purpose, in accordance with the RICS Valuation - Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies that are part of the same group of companies in Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total revenues in Italy.

Conflict of Interest

We confirm that we have had no prior involvement with the present Owner and that a copy of our assessment with regard to conflict of interest is saved among the documentation in our possession.

Reliance

This valuation has been prepared solely for the necessities of your company, and we decline any responsibility with regard to any third party for all or any part of its contents.

Publication

Neither all nor any part of the Report, or any references thereto, may be quoted, published or reproduced in any manner without our prior written approval of the form and context in which it will appear.

We inform you that this report was prepared with the collaboration of:

- Alessandro Cuosta MRICS

under the supervision of Laura Mauri, MRICS.

SCOPE OF WORK AND SOURCES OF INFORMATION

Sources of information We carried out the Instruction in accordance with the purposes indicated and based on the documentation provided by the Client, which we assumed to be complete and correct.

- **Cadastral plans;**
- **Technical Report by Alberto Colombi, Engineer;**
- **Deed of origin signed by Giovanni Piacitelli, Notary Public and Lawyer, inv. no. 57413/vol. no. 11335, registered on 1/6/2004 at the Property Register of the Municipality of Frosinone under no. 1878, Series 1T;**
- **IMU/TASI property tax and Insurance amounts borne by the Owner;**
- **Data on the photovoltaic plant (installation date, incentives, energy production and consumption, etc.)**

Any other sources of information are specifically indicated in this Report.

The Property This Report contains a brief summary of the characteristics of the property on which our valuation is based.

Inspection The Property was inspected internally on 4 November 2016.

The inspection was conducted by:

- Alessandro Cuosta MRICS

Areas We did not perform any measurements of the Property, in accordance with the Instruction received, but we relied on the areas provided by the Client, which we assumed to be complete and correct.

Environmental Matters We have not conducted nor are we aware of the contents of any environmental analysis or any

environmental or land survey that may have been carried out on the Property and that may contain references to any possible and/or verified contamination.

We have not carried out any assessments of the past or current uses of the Property, or of any surrounding land, in order to ascertain whether there are any potential environmental hazards and, therefore, we have assumed that there are none.

Condition and State of Repair

We did not conduct any structural or building surveys, or carry out independent site inquiries, inspected exposed parts of the structure which were covered or inaccessible, or conducted investigations to identify the presence and use of dangerous construction materials or techniques in any part of the Property. We are, therefore, unable to give any assurance that the Property is free from such defects.

Town planning

We only conducted verbal inquiries with Public Administration with regard to the Property's town planning status. The relevant employees that provided the information decline any responsibility for it.

We also, therefore, decline responsibility for any consequences resulting from incorrect information and/or omissions.

Title and Leasehold Scenario

Details of title/ownership of the Property and of any lease agreements were provided by the Client. Information from deeds, contracts or other documents indicated in the Report stems from the pertinent documents examined. However, please note that interpretation of the documents of title/ownership (including relevant deeds, leases and permits) is the responsibility of your legal advisor.

The sole objective of the analysis is to determine the Market Value of the asset, and not any commercial licences and/or related goodwill.

VALUATION ASSUMPTIONS

Market Value

This analysis was carried out on the basis of "Market Value" which, in consideration of the provisions of the latest edition of the "RICS Valuation – Professional Standards" by the Royal Institution of Chartered Surveyors of the United Kingdom (January 2014), translated into the Italian "Standard Professionali di valutazione RICS 2014", is defined as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, consciously and without compulsion".

No indemnities/deductions with regard to construction fees or duties that could arise in the event of a sale were taken into consideration. Acquisition costs were not included in our valuation. No account has been taken of any contracts, inter-company arrangements, loans, debentures or other charges.

The existence of possible access to national or European Union funding was not taken into consideration.

Rent Values

Any rent values indicated in this Report are those that we have deemed appropriate in order to calculate the relative sale value and are not necessarily appropriate for other purposes, nor do they necessarily correspond to the definition of Market Rent as per the "RICS Valuation – Professional Standards".

The Property

Where relevant, we considered the windows of the retail units and the display areas as an integral part of the Property.

Building systems such as lifts, heating plant and other systems generally installed by the Owner were considered as part of the Property and therefore included in our valuation.

Specific items belonging to the occupiers, such as industrial equipment, machinery, furniture and special commercial equipment, were excluded from our valuation.

All references to size and date of construction/installation included in the Report are approximate.

Environmental Matters

Without any information to the contrary, we have assumed that:

(a) the Property is not contaminated or subject to environmental laws or proposed legislation that could negatively impact it;

(b) the Property and the activities carried out within it comply with the environmental regulations in effect;

(c) the Property possesses or will possess, in accordance with the national provisions on the transfer and letting of real estate, an Energy Performance Certificate or equivalent.

Condition and State of Repair

Without any information to the contrary, we have assumed that:

(a) as at the Valuation Date, there are no anomalous ground conditions, nor archaeological remains, which could adversely affect the current or future occupation, development or value of the Property;

(b) the Property is free from rot, infestation or structural or latent defects;

(c) no materials, including but not limited to composite materials, currently recognised as harmful

or dangerous and no irregular techniques were used during construction of the Property, or for any subsequent additions or improvements; and

(d) the services, controls and related systems are all functional and without defect.

We have taken into account the age and apparent general condition of the Property. The comments made on the details of the same are not intended to express opinions or provide recommendations on the condition of non-inspected parts and must not be interpreted, even implicitly, as having certification value.

**Title, Town Planning,
Leasehold Scenario,
Taxation,
Requirements by Law
and by the Local
Authorities**

Unless stated otherwise within this Report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property is fully transferable and free from any onerous or hampering restrictions or conditions;

(b) all of the buildings were constructed prior to the effective date of or in compliance with the town planning provisions in effect, or they will be constructed in accordance with the town planning and building provisions in effect as at the Valuation Date, and are subject to permanent permits that allow their current/considered use;

(c) the Property is not adversely affected by town planning instrument in effect or by proposals for new infrastructure;

(d) all of the buildings are compliant, or will be fully compliant, with all statutory and/or local authority requirements with regard to construction, fire prevention, health and safety regulations, and are therefore fully accessible;

(e) it is possible, when changes are necessary in order to comply with the provisions on the removal of architectural barriers, to carry out said interventions on the Property only through marginal

and occasional costs;

(f) there are no tenant's improvements that will materially affect our opinion of the market rent that would be obtained on review or renewal;

(g) any present/future tenants meet/will meet their obligations under their leases;

(h) there are no restrictions or limitations on use that could negatively impact the value indicated;

(i) where relevant, the Landlord, if requested, shall not deny permission to dispose of the Property;

(j) all vacant areas or areas designated for instrumental use as at the Valuation Date may be considered as free and available; and

(k) In Italy, it is common and often fiscally advantageous for transfers of real estate to take place via transfers of the capital of real estate companies: therefore, property valuations do not normally take into account transaction costs.

That being said, our valuation does not make any deductions for costs such as transaction duties, income taxes or taxes on capital gains, other taxes and duties (with the sole exclusion of property taxes and registration tax), legal fees, etc. All amounts regarding costs and/or revenues expressed in this valuation report, as well as any values deriving from them, should be considered net of VAT.

LEGAL INFORMATION

This Valuation Report (the "**Report**") has been drawn up by CBRE Valuation S.p.A. ("**CBRE**") for the exclusive use of Tesmec Spa (the "**Client**"), in accordance with the contents of our collaboration proposal of 26 October 2016, offer ref. no. 233/16 (the "**Instruction**"), between CBRE and the Client. The Report is confidential and may not be provided to any other party other than the Client without prior written authorisation by CBRE. CBRE has provided the Report on the assumption that it will be read and used exclusively by the Client and that no other individual or third party may rely on it ("**Reliance**") unless authorised by CBRE in writing. In cases where CBRE has expressly granted an individual or a third party other than the Client permission to rely on the Report, CBRE shall have no additional responsibility towards said parties with respect to what it would have had if said parties had been identified in the Instruction as the Client.

CBRE's total maximum liability with respect to the client and any parties authorised to rely on the Report, arising by contract, wrongful act, negligence or other, may not in any case exceed:

- (i) 25% of the property's value according to the Instruction (as at the Instruction Date) or, if not present, based on the Market Value as defined by the international valuation standards; or
- (ii) €10,000,000.00 (ten million/00 Euro); and CBRE shall not be liable for any loss or damage, indirect, special or consequent, arising by contract, wrongful act, negligence or other, stemming from or related to the Report. Nothing in the Report may exclude liabilities that cannot be excluded by law.

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VALUATION REPORT

PROPERTY DETAILS

Location

The subject property of this report is in a peripheral zone of the municipality of Patrica, small town in the province of Frosinone, bordering with the capital city. It is a developed area from the economic and industrial standpoint, well connected via the A1 Milan-Naples motorway, thanks to the presence of two junctions (Frosinone and Ferentino) which are nearly equidistant from the subject property and easily accessible from it.

The subject complex is specifically located along Via Morolense, within the industrial zone pertaining to Frosinone's ASI Consortium.

A location map is provided in Attachment A.

Surrounding area

The property's urban surroundings feature the presence of major industrial sites, such as ILVA (steelworks); other major manufacturing companies are also located nearby. These include ABB, company active in the security and control segment, as well as in the production of electrical components; Henkel, leader in the production of numerous detergents; and Nestlè, one of the top sweets production companies in the world. The industrial area in which the property is located is crossed by the Sacco River, which cuts the industrial segment into two sections. In fact, the riverbed is within the two major roadways of the industrial agglomeration: Via Armando Vona and Via Morolense.

In addition to numerous industrial sites, we also find a number of medium-sized retail facilities along these two roads, including Carrefour, Pittarosso, Decathlon and Le Sorgenti Shopping Centre.

A map of the zone is provided in Attachment B.

Accessibility by car

Excellent accessibility with private means and trucks, with two junctions of the A1 motorway situated a short distance from one another.

The subject property is accessible in minutes from the motorway junctions of Frosinone to the south and Ferentino to the north. From the first junction, one takes Via dei Monti Lepini up to the intersection with Via Armando Vona, subsequently accessing Via Morolense. Conversely, from the Ferentino junction, the property is accessible by directly taking Via Armando Vona up to the intersection with Via Morolense.

Accessibility through Public Transport

The industrial zone in which the property is located is not served by public transport.

Local Economy

Population

Patrica is a small town in the province of Frosinone with only around 3,100 residents, and its residential area is far from the subject property. In fact, as the latter is situated within the ASI Consortium of Frosinone, it is consolidated within the capital's productive zone.

Business Fabric and Key Economic Indicators

In the area in question, numerous industries and manufacturing and commercial businesses are connected to Frosinone's ASI Consortium. It is one of the most developed industrial zones in Italy's centre-south. Indeed, the subject industrial zone accommodates approximately 800 companies covering various sectors of production of goods and services and retail and wholesale trade. Operators in the transport and logistics sector are also present, even at the international level.

Job Market

The Frosinone ASI consortium, a public undertaking, accommodates approximately 4,000 employees in the various sectors of the economy, and began to form during the 1960s. Today, it is an important part of the local economy and provides employment opportunities for many residents of nearby towns, particularly in the capital. However, the economic crisis of the last few years has had numerous negative impacts on the local economy and on the companies present in the territory, leading to many cases of dismissal or layoff. A glaring example of this is the crisis situation created in the ILVA steelworks plants, with headquarters in Patrica.

Description

The subject complex of this valuation report mainly consists of an industrial warehouse on a flat, rectangular lot, located in the municipal territory of Patrica, within the industrial area governed by the ASI Consortium of Frosinone. Constructed with two floors above ground, the property dates back to the 1990s, with beam- and-pillar structural frame in pre-stressed reinforced concrete and roof in corrugated metal. A second building is also part of the subject complex, small in size and equipped for use as a workshop, with a single floor above ground. The external area is partly asphalted and equipped for parking, and partly green area in the portion opposite the entrance to the property. The latter is protected by a

sliding metal gate and a concrete wall with metal fence marking the boundaries of the lot. Part of the latter may be considered buildable, given the overall areas of the property and considering the town planning ratios. Access is along Via Morolense, almost at the petrol station, situated along the opposite roadway.

From the outside, the complex's main facade has pre-stressed reinforced concrete infill walls and regularly-spaced windows with aluminium frames and double glazing.

Above the entrance at first-floor height, the facade has a curtain-wall type conformation with mirrored glass. The main building entrance is protected by a reinforced concrete cantilever roof and leads to the reception and waiting room. The personnel offices are situated on the ground floor, while the main area behind the reception is equipped for warehouse and laboratory use. The latter are separated from the rest of the areas through demountable partitions and have two vehicular entrances protected by horizontally sliding metal doors situated along the respective sides. The ground floor also contains the changing rooms and bathroom facilities, in addition to two mezzanine levels that respectively accommodate storage space on one side and the former canteen area on the other.

The executive offices are on the first floor in the main building, in the section overlooking the exterior area in front of the entrance to the lot. These offices are linked to the reception via stairwell and have a higher level of finishes compared to the rest of the complex. Lastly, the plant rooms are accessible directly from the outside, via metallic doors.

The second smaller building equipped as a workshop is in brickwork, with flat roof with waterproof, bituminous covering and plastered and painted facades.

The lot contains an Enel station and above-ground tank to store fuel for the heating plant.

With regard to finishes, these are the main characteristics:

- pre-stressed reinforced concrete, beam-and-pillar frame;
- roof in corrugated metal and Plexiglass skylights;
- infill walls in pre-fabricated, pre-stressed reinforced concrete elements;
- demountable partitions with aluminium and wood frame and laminate covering;
- smoothed concrete floor in the ground floor warehouse, linoleum in the laboratory and mezzanine storage areas, ceramic tile in the changing rooms, former canteen, bathroom facilities and offices;
- plastered and painted floor slabs on the soffit;
- aluminium window frames with double glazing.

Photographs of the property are provided in Attachment C.

Services and Systems

The subject complex is in a well-developed and serviced consortium area, with the following technological systems:

- electrical system with direct LV supply from Enel station;
- photovoltaic plant with 203 silicon panels subdivided into various strings connected to the network, and 4 Fronius brand inverters, IG Plus model with peak power of 49.9 kW and average annual production of about 60,000 kW;
- heating plant with brand-name boiler powered by diesel oil and connected to the external Merloni-brand tank with a capacity of 5,000 litres;
- heat-pump air conditioning system, with refrigerating group and wall-mounted split system;
- disposal system connected to the municipal/consortium collector;
- water supply system with direct connection to the municipal/consortium network;
- fire prevention system connected via pumps to underground tank, with hoses and extinguishers;
- exterior/interior lighting system with neon lights.

Areas

In determining the areas, we relied on data received from the Client, as mentioned above. With regard to the condition of the areas, we did not verify the existing space, not even through sample measurement.

A summary table of areas is provided in Attachment D.

State of Repair

CBRE did not undertake any assessment, either structural or of the systems present, and we were not provided with any relative reports by third parties. For the purposes of the valuation, we carried out a limited visual survey of the property during the inspection.

Environmental Considerations

Although not within the scope of the Instruction, the visual analysis conducted during the inspection identified signs of potential contamination as a result of foul-smelling emissions from adjacent sites. Further analyses by a qualified expert are recommended, in order to determine the extent and nature of this phenomenon, as

well as any mitigation costs.

Property Taxes

Category

Address	Description	Amount (€)
Via Morolense Snc	IMU	3,348.00

Source: Owner

Cadastral Data

A detailed summary of the cadastral data, as well as identification of the assets via outlining of the relative Map Excerpt in green, is provided in Attachment F.

Note that the information highlighted is purely of a descriptive nature and has no certification value, not even implicitly.

According to the documentation received, the property is recorded in the Land Register of the Municipality of Patrica (Fr) as follows:

Land Register

Via Morolense Snc

Sheet	Parcel no.	Quality	Hectares	Ares	Centiares	Yield on land (€)	Yield from farming (€)
2	297		-	-	14	0.08	0.07

Source: Client

All of the buildings situated on the subject areas are entirely registered (1/1) to the company CPT Engineering Srl.

In summary, the property is recorded in the Building Register of the Municipality of Patrica (Fr) as follows:

Building Register

Via Morolense Snc

Sheet	Parcel no.	Sub.	Cat.	Cad. Zone	Size (rooms)	Area (sqm)	Yield (€)
2	288		D/1	-	-	-	5,701.68

Source: Client

Town planning

An excerpt of the zoning schedules and regulations to which the subject property is subject are provided in Attachment G.

We conducted a verbal assessment with the Technical Department of the ASI Consortium of Frosinone.

According to the Master Plan - General Variant in effect, approved with Lazio Region Resolution no. 48 of 23/01/2008 - published in ordinary supplement no. 36 of the Lazio Region's Official Bulletin no. 16 of 28/04/2008, the subject property is classified as a "Zone for Productive Use" and is subject to the provisions contained in Art. 16 of the Technical Standards.

Art.16

The activities listed in prior Art. 8 under Production Zones may be established within this zone, with the relative industrial and artisanal plants, respective offices, systems, internal infrastructure, warehouses, personnel services areas, areas for vehicle manoeuvring and parking, roads, green areas, sports and recreational facilities, limited to the requirements of workers of the individual production units, areas for the display and sale of the company's products, even if from branches outside of the industrial agglomeration, provided they are part of a single production process.

Also permitted are company shops, managed by the company holding the Consortium Assignment, with a maximum sales area of 70 sqm, accessible only from within the property and for exclusive use by the company's employees.

Constructions must respect the following ratios, as defined in previous Art. 12:

- Min. S.A. (*superficie accessoria* - ancillary area) = 2,500 sqm
- Max I.C. (*indice di copertura* - coverage ratio) = 0.50 sqm/sqm
- Min. I.C. = 0.20 sqm/sqm
- Max H = 15 linear metres
- Min. D.C. (*distanza dai confini* - distance from property border) = H/2 with a minimum of 5 linear metres
- Min. D.S. (*distanza dalla strada* - distance from road)
 - = 10 linear metres on roads with width between 7 and 15 linear metres
 - = 20 linear metres on roads with width of over 15 linear metres

- Min. D.E. (*distanza da edifici* - distance from buildings) = 10 linear metres
- Min. D.Ab. (*distanza da abitazioni* - distance from homes) = 20 linear metres
- Vp (*verde privato* - private green area) > 10% of covered area.

Greater heights are permitted solely for parts of buildings designated to contain technological plants and storage silos. In this case, the Consortium shall assess the consistency of applications in relation to documented production requirements on a case-by-case basis.

The maximum number of floors above ground designated for office use, both isolated as well as attached to the production buildings, may not exceed three, with a maximum height between floor and soffit of 3.70 linear metres.

Each Assigned Area must also envisage parking in such an amount that the area of the parking spaces - excluding the internal roadways and manoeuvring space - is at least 10% of the Land Area.

Upon assignment or with subsequent Presidential Decree, the Consortium may, for technical logistics reasons, establish further provisions and limitations on the use of the ancillary areas with respect to these regulations.

If the Assigned Area contains portions of constraint areas regarding roads and infrastructure, the industrial buildings may not in any case lay on said areas and the line that separates the Assigned Area from the constraint area must be used as a reference for respect of the minimum distances.

The construction of homes for the company owner or director and custodian up to a maximum of 300 sqm of gross area per production facility is also permitted. However, the gross floor area of the residential portion must not exceed 15% of the covered area for productive use.

Enclosures must have a maximum height of 3.00 linear metres and may be constructed out of brick or opaque panels, only for a maximum height of 2.00 linear metres.

Ancillary areas such as:

- electrical stations;
- gas decompression stations;
- meter installation devices;
- gauges and similar;
- open canopy structures for parking

may be constructed also along the boundary line, provided they respect the provisions of the Italian Civil Code in terms of safeguarding the rights of neighbours.

Taxes

In Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies: therefore, property valuations do not normally take into account transaction costs.

That being said, our valuation does not make any deductions for costs such as transaction duties, income taxes or taxes on capital gains, other taxes and duties (with the sole exclusion of property taxes and registration tax), legal fees, etc. All amounts regarding costs and/or revenues expressed in this valuation report, as well as any values deriving from them, should be considered net of VAT.

LEGAL CONSIDERATIONS

Title

We have read the purchase and sale agreement dated 1 June 2004, inv. no. 57413 - vol. no. 11335, drawn up by Giovanni Piacitelli, Notary Public.

It is our understanding that the company CPT Engineering S.r.l. has full ownership of the property.

Leasehold Scenario

The subject asset is occupied by the same company that owns it, for purposes instrumental to its production activities.

MARKET COMMENTARY

Industrial properties in Italy

The stock of industrial properties in Italy shows a predominance of warehouses in the north (approximately 60%) and a more limited presence in the south and islands (15.7% and 6.5%), while the centre accounts for approximately 18% of production-based properties.

The regions with the greatest presence of warehouses are headed by Lombardy (20% of the national stock), followed by Veneto, Emilia Romagna and Piedmont, which contain the biggest manufacturing districts in the country.

Tuscany is among the regions of the centre with the greatest concentration of warehouses (approximately 7%), followed by Lazio (about 5%). In the south and islands, the Puglia and Campania regions (which respectively account for 4.8% and 4.5%) have the greatest weight of national stock. The least productive areas in the south include the regions of Calabria, Basilicata and Sardinia.

The production properties segment can be subdivided into two macro-types, the first of which comprises warehouses and storage facilities essentially designated for processing activities. Looking at demand in this segment in particular, the most requested characteristics by those seeking to purchase or let a warehouse are: location near motorway exits or main link roads, presence of ample areas for loading/unloading of goods, and location in industrial zones that increase the availability of services. As Italy's industrial economy has always been and will always be focused on small and medium-sized enterprises, the sizes most in demand are between 500 and 1,000 sqm.

The second macro-type, which has seen increasing growth over the last few years, consists of industrial buildings for investment use, particularly those designated for logistics. Following the ongoing crisis (which penalises the industrial segment) and the new requirements for goods distribution (which call for new ways of moving goods), this type is the highest in demand on the market.

Looking at the national scenario, the manufacturing properties market in the year just ended closed with a decline in completed transactions as well as rents.

The latest sector data show a significantly stagnant situation, which with worsening of the economic crisis has halted demand to such an extent that it is expected to continue in the upcoming future.

Indeed, the crisis has impacted the productive fabric of small and medium-sized enterprises, particularly those located in the province, which have been forced to downsize production, as well as face additional problems such as the credit squeeze.

The future prospects in this sector are highly correlated with the economic indicators,

which are not very positive over the short term in Italy. The generally cautious attitude by investors is impacting all segments of the real estate sector, particularly those most directly linked to production.

Supply

There have been numerous cases of business or company closures over the last few years, following the economic-financial crisis that is still underway in some market segments. The immediate consequence of this is an accumulation of supply of commercial properties, namely those dedicated to companies and businesses, particularly in the industrial, productive and artisanal sectors. Within the ASI Consortium of Frosinone, which also contains plots of land to be built and already zoned, supply is rather high and rarely satisfies the requirements of demand.

Demand

Conversely, demand, due to the negative effects of the aforementioned economic-financial crisis, has gradually diminished and has in any case been redefined. The areas in demand are smaller as well, as the number of employees in many companies has decreased, following layoffs, dismissals or due to operating cost containment requirements.

Take-up

The take-up rate has gradually diminished in the industrial sector and in the consortium area in question, as cases where entrepreneurs develop areas to then sell the finished product are increasingly rare. In fact, those currently seeking industrial buildings or complexes in the area in question generally tend to build their own site, purchasing the area and constructing their warehouse with the assistance of companies specialised in turnkey construction of properties.

Vacancy Rate

The vacancy rate has been gradually increasing, due to the many company crises that have been triggered and, in a number of cases, concluded negatively over the last few years. This has resulted in the accumulation of available stock and an increase in the local unemployment rate.

The Market

Frosinone's Industrial Agglomeration occupies a vast flat area that is sufficiently linked via the major roadways of Via Casilina State Road 6 and the A1 Rome-Naples motorway.

The area has various types of properties constructed starting from the second half of the last century, mainly comprising manufacturing and artisanal facilities of various sizes.

Given the continued crisis in the industrial sector and the simultaneous shift of production facilities abroad, the latest market initiatives solely propose ample areas for distribution and related services, particularly warehouses for logistics.

However, there are still a limited number of logistics properties available in the Lazio region.

Some international operators have begun to consider Italy as an attractive market for logistics, and in the last 10 years they have invested in the areas best served in terms of infrastructures. Owing to its central position, the Lazio region's road, railway and airport infrastructure offers many possibilities to operators in the sector.

Interesting sites from the logistics standpoint, already launched and consolidated, are situated in the Province of Rome [Fiano Romano (Rm), Fiumicino (Rm), etc.] and in the Province of Frosinone [Ferentino (Fr) and Frosinone].

Looking at the real estate market in the industrial zone of Ferentino, the crisis has clearly impacted the segment as a result of the closure of numerous companies, some of which of primary importance for the area.

The real estate assets of these companies are often not put onto the market, as they are involved in legal and/or bankruptcy proceedings. Due to the crisis underway, demand has also changed significantly in terms of area requested, quality and quantity of operators.

Marketing instructions are generally assigned directly to local real estate agencies which, upon express request by the companies owning the properties, do not disclose new supply through the usual signage but via more direct forms, such as newspaper ads and on specialised web sites.

In terms of supply in areas still to be developed, there is no longer any supply in this respect in the territory managed by the ASI Consortium in the Province of Frosinone. Therefore, any searches and purchases may take place exclusively on the open market.

The average sales values on the local real estate market for free industrial areas are around 15.00-20.00 €/sqm, with peaks of 30.00 €/sqm for solutions in the immediate vicinity of the motorway junctions or for those closest to commercial facilities.

In the subject market segment, it should be noted that among "dry" and "cold" warehouses, namely those with systems for refrigeration/conservation of food, there is a difference in unit rent/value of approximately 15/20%.

Following interviews with leading local operators in the real estate brokerage sector, the average unit rents for industrial warehouses in general and for those dedicated to logistics in particular, are between 30.00-45.00 €/sqm/year, with sales values of 300.00-450.00 €/sqm, and peaks of up to 600.00-700.00 €/sqm.

The highest prices indicated above are for medium to small-sized solutions in new or recently constructed buildings.

Warehouses equipped with refrigeration systems are marketed on average at unit rents of around 50.00 €/sqm per year, with unit sales values of 600.00-800.00 €/sqm.

The main market comparables are summarised in the following table.

CITTÀ	INDIRIZZO	UBICAZIONE	DESTINAZIONE	QUALITÀ	SUPERFICIE COMMERCIALE (MQ)	VENDITA / AFFITTO	PREZZO TOTALE (EURO)	PREZZO UNITARIO (EURO/MQ)
Patrica	Via Morolense	Periferica	Terreno industriale	N.d.	7,500	Vendita	80,000	11
Patrica	Zona A.S.I	Periferica	Industriale	Sufficiente	3,620	Vendita	1,500,000	410
Patrica	Zona A.S.I	Periferica	Industriale	Sufficiente	90,000	Vendita	21,000,000	230
Patrica	Via Morolense	Periferica	Industriale	Sufficiente	90,000	Affitto	3,240,000	36
Patrica	Via Morolense	Periferica	Industriale	Buona	10,000	Affitto	480,000	48
Patrica	Zona A.S.I	Periferica	Industriale	Buona	2,512	Affitto	90,000	36
Patrica	Via Morolense	Periferica	Industriale	Discreta	1,300	Vendita	320,000	250

VALUATION CONSIDERATIONS

Key Aspects Considered

Strengths

- Successful inclusion within a consolidated industrial area for a number of years;
- Presence of major production plants;
- Excellent accessibility due to the presence of the A1 motorway junction near the property;
- Overall adequate size with respect to demand requirements.

Weaknesses

- Manoeuvring space within the lot apparently not adequate for trucks;
- Some parts of the property are in a state of abandonment (former canteen);
- Some cases of peeling plaster.

Marketability and Potential Purchasers

The subject asset of this report is considered of limited appeal for a series of intrinsic and extrinsic reasons. First of all, the property does not have an external area of suitable size for manoeuvring of trucks and its largest space is behind the main building, in the section opposite the entrance to the lot, overlooking the Sacco River. This could limit the list of potential buyers, as the complex would not be suitable for operators in the logistics and transport segment. The nearby presence of the landfill and proximity to a company producing foul-smelling emissions from the production of cosmetics are additional negative elements that could lengthen the potential time required to market the asset.

Valuation Method

Market Value

In accordance with the provisions of the January 2014 edition of the "RICS Valuation - Professional Standards" of the Royal Institution of Chartered Surveyors of the United Kingdom, translated into the Italian "Standard Professionali di valutazione RICS 2014", the "Market Value" is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing wherein the parties had each acted

knowledgeably, consciously and without compulsion".

We have used generally accepted valuation methods and principles in preparing our estimate.

Considering the purposes of the valuation and the layout of the property, which comprises two buildings, a partly buildable area and a photovoltaic plant, we considered the valuation approach we deemed most appropriate for each individual component mentioned above.

Buildings

In determining the market value of the buildings component, we deemed it appropriate to apply a combination of the Sales Comparison and Income Approaches.

Under the Sales Comparison (or Market) approach, we carried out a comparison with properties that have recently been sold or offered on the real estate market and possibly having the same characteristics.

The values obtained were adjusted in order to take into account parameters such as: age, wear and tear, maintenance condition and location, in relation to the comparables identified by market research conducted on site.

Moreover, in establishing the unit values, we also considered other factors that could impact the values: location, distribution of areas, accommodation, type of construction, construction characteristics and state of repair.

For this Approach, we considered the following:

- gross annual rent from a hypothetical leasing of the asset, at current market rents;
- estimated property costs (administration, IMU-Tasi property taxes, insurance, etc.);
- net capitalisation rate.

The net annual rent income determined in this manner was capitalised at a rate considered appropriate, given the functional type, location and appeal of the asset.

An average was calculated from the values obtained using the two different valuation approaches.

Buildable area

In determining the Market Value of the portion of the lot with residual building potential, we used the sales comparison or market method, based on a comparison with properties that have recently been sold or offered on the real estate market and which possibly had the same characteristics. In this case, we used prices of lots within the industrial area governed by the ASI Consortium of Frosinone, where other, already developed free areas are available, with prices in the range of 15.00-

30.00 €/sqm.

Photovoltaic Plant

To determine the Market Value of the photovoltaic plant installed on the roof of the main building, we adopted the Discounted Cash Flow Approach, based on a period of time equal to the residual duration of the incentives.

The cash flow considers revenues from the overall production of energy that the plant is able to generate each year, and the costs of its management/maintenance. In assigning revenues, we considered a gradual obsolescence rate of 1% of annual production.

These cash flows were discounted at a rate considered sufficiently remunerative based on the type of asset in question.

In the case in question, the following data were considered in estimating the plant's value, provided by the Owner:

- hook-up date September 2012;
- total annual production of 60,466 kW/h;
- annual consumption of 28,366 kW/h;
- tariff for energy traded in the network €0.235 kW/h;
- Max power 50 kW;
- residual duration of incentives 16 years.

We also considered the operating/maintenance costs of the plant as a percentage of Total Reconstruction Cost as follows:

- General costs 0.80%
- Insurance costs 0.10%
- Provisions for extraordinary maintenance 0.50%.

To the production value, we added the residual value of the plant upon expiry of the incentives.

OPINION OF VALUE

Market Value

We are of the opinion that the Market Value of full ownership of the subject asset of this report (the Property) as at 10 November 2016 is:

€1,150,000.00

(one million one hundred and fifty thousand/00 Euro).

Net of VAT.

The valuation schedules are provided in Attachment I.