

PRESS RELEASE 7 AUGUST 2015

**ITALEAF: the Board of Directors accepted the proposal of former shareholders of Free Energia to remove the effects of the investment agreement for the acquisition of Free Energia SpA**

The board of directors of **Italeaf**, holding company and first Italian company builder active in cleantech and smart innovation sectors, listed on on NASDAQ OMX First North, agreed to accept the proposal of the main former shareholders of Free Energia, received on 31 July 2015, aimed at removing the effects the investment agreement signed on 1 August 2014 and announced to the market on Aug. 4, 2014.

The same decision was resolved today by the Board of TerniEnergia, as highlighted in the press release of which the following is the full text:

**TERNIENERGIA: the Board of Directors accepted the proposal of former shareholders of Free Energia to remove the effects of the investment agreement for the acquisition of Free Energia SpA**

- **Resignation of the Vice President and Director Mr. Umberto Paparelli**
- **Green light to participation in tenders for photovoltaic EPC in Namibia and Mexico for a total of 1,230 MWp**

The Board of Directors of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, states the following.

Today Umberto Paparelli has resigned, effective immediately, as Vice President and Director of the Company. The Board of Directors, thanking Paparelli for his commitment and the work undertaken during the latest months, has accepted his resignation.

Subsequently, the Board of Directors of TerniEnergia resolved to accept the proposal of the main former shareholders of Free Energia SpA, received last 31 July 2015, aimed at removing the effects of the investment agreement signed on 1 August 2014 and announced to the market on August 4, 2014.

It is recalled that, pursuant to the investment agreement, the main former shareholders of Free Energia SpA, as part of a capital increase reserved for them, had subscribed 6,477,550 shares of TerniEnergia by contribution of n. Free Energia 3,674,604 shares, representing 97.60% of its share capital. As a result of this transaction, Free Energia thus joined the Group TerniEnergia.

In implementation of the aforementioned investment agreement, on June 23, 2015 TerniEnergia sent to Consob's a request for the authorization to publish the prospectus for the admission to trading of the TerniEnergia's shares resulting from the capital increase at the service of the acquisition of Free Energia.

Subsequently, on July 31, 2015, as indicated above, TerniEnergia received by the main former shareholders of Free Energia a proposal to remove the effects of the investment agreement signed, to be implemented in the most appropriate ways that will be identified in a subsequent agreement to be signed between the parties.

The receipt of this proposal convinced TerniEnergia to investigate, including through the involvement of external professionals, all the elements potentially capable of affecting the cost/benefit ratio produced by the investment agreement.

The Board of Directors, which met today, in light of the recalled further information, voted to accept this proposal (by ratifying also the withdrawal of the request for authorization to publish the prospectus, already filed with the

Consob, resolved by the Chairman of the Board on 6 August 2015) and based its decision primarily on the reasons summarized below.

As it is known, this year has been notified to Free Energy a tax assessment notice issued by the tax authority, concerning a tax audit of the fiscal year 2009. Moreover, as already reported in the last published financial statements, including the consolidated interim report as at 30 June 2015, approved on 31 July 2015 and communicated to the market on the same date, after completion of the aforementioned investment agreement, the tax audits have extended to additional fiscal years.

That fact suggested to consider the possibility that the risks stemming from the investment agreement, at the time only potential and not quantifiable, as confirmed by the consultants appointed by TerniEnergia, may exceed the benefits previously envisaged.

In the in-depth evaluation, TerniEnergia has also carefully taken into account the changing outlook for energy trading, as well as the acceleration of the development of the gas segment, which the company considers crucial in order to give effect to the target of foster growth through acquisitions, underlined in the Industrial Plan "Fast on the road smart energy", and in which engages the acquisition of the entire share capital of New Gas Trade. Taking into account, in fact, the results of the growing gas segment, the acceptance of the proposal received, draw to the neutralization of the effects of the aforementioned investment agreement, would direct resources and energies currently dedicated to the power sector, in which operates mainly Free Energia, characterized by uncertain prospects, to the gas sector, which has been recognized more profitable. In fact, with primary reference to the gas sector, was detected, both in Italy and internationally, as this sector has registered a positive trend in the first half in terms of both volumes and margins, and is expected to grow even more in relation to the electricity sector.

According to the resolution adopted today, by 30 November 2015, following the signing of a separate divestment agreement, the Board of Directors of TerniEnergia will propose to the Shareholders' Meeting and, if necessary, to the Bondholders' Meeting, the transfer of shares of Free Energia, currently held, by former members of the latter, which in return will transfer to TerniEnergia its own shares subscribed in the capital increase. Such shares once returned to TerniEnergia will be subsequently revoked and canceled. Before finalizing the aforementioned transaction an assessment on the value of Free Energia shares currently held by TerniEnergia will be carried out. If the transaction was configured as a "related party transaction" it shall be managed in accordance with the regulations and procedural requirements set forth in these cases.

In other words, the intent that the parties intend to pursue is to restore the status quo prior to the approval of the capital increase, so as to remove Free Energia from the perimeter of the TerniEnergia Group for the mutual benefit and in order to allow the parties to pursue independently their own strategic targets and business, as well as to allow former shareholders of Free Energia to decide independently about the tax assessment mentioned above.

Of course, the former shareholders of Free Energia other than those who submitted the proposed divestment will remain part of the shareholders of TerniEnergia and the shares they subscribed at the time of the aforementioned share capital increase will be subsequently admitted to listing, in accordance with the applicable regulation.

With regard to the effects that will be produced on the business plan "Fast on the road smart energy" presented to the market on February 9, 2015, the Board today decided:

- the confirmation of the strategic targets and expected results for the year 2015, even considering that the timing of implementation of this transaction will last for a few months, considering that it will be achievable an improvement in NFP over the target already scheduled for 31/12/2015;
- the reaffirmation of the business model and organizational structure based on four business lines (technical services, cleantech, energy management and energy saving) able to cover the whole energy chain. In this regard, the Board took note of (1) the renewed prospects of EPC photovoltaic business, even international, of (2) the recent opening of the End of Life Tyres recovery plant in Borgotaro and of (3) the full integration of Lucos Spa in TerniEnergia, following the recent merger, in the field of energy efficiency;
- in reference to the economic aspects of the operation in question and, in particular, to forecast results already stated by TerniEnergia, to proceed, by the end of October 2015, with an update of its industrial plan that will be, in any case, developed through the herein four strategic business lines.

With reference to the conditions stated above, TerniEnergia take care to promptly inform the market about any further action or relevant fact regarding the aforementioned transaction.

Finally, the Board of Directors has approved the participation in two tenders for the construction of giant photovoltaic plants on behalf of a leading Italian utility with the EPC formula (engineering, procurement and construction), respectively in:

- Namibia: total capacity of 30 MWp divided into three plants of 10 MWp each;
- Mexico: total capacity of around 1,200 MWp divided into seven giant power plants between 40 MWp and 400 MWp.

***TerniEnergia**, a company incorporated in September of 2005 and part of Italeaf Group, is the first Italian smart energy company and operates in renewable energy, energy efficiency, energy and waste management. TerniEnergia operates as system integrator, with a turn-key offer of industrial sized photovoltaic plants, on behalf of third parties and on its own, for the Power Generation business, also through joint venture companies with leading national players. TerniEnergia operates in the waste management sector, recovery of the material and energy, development and production of technologies. In particular, the Company is active in the recovery of tires out of use, in the treatment of biodegradable waste through the implementation of biodigesters, management of plant for the biological depuration; decommissioning of industrial plants, recovery of demolition metals and cleaning of industrial sites; development and production of technological apparatus.*

*Through Free Energia, the Group is active in the energy management, energy sales to energy intensive customers, software and services for energy management, administrative, financial and credit management. Through New Gas Trade, the Group is also active on the natural gas and liquefied natural gas (LNG) market, offering a range of services and activities in order to develop Client's business and achieve a competitive advantage providing the best market conditions and creating a high added value.*

*TerniEnergia operates in the development of energy efficient plants both through EPC scheme and FTT scheme (Financing Through Third Parties), pursuing the objectives of increasing energy production from renewable sources, of energy saving and reduction of emissions as set forth by environmental European policy.*

*TerniEnergia is listed on STAR segment of Borsa Italiana S.p.A..*

*This press release is also available on the Company website: [www.italeaf.com](http://www.italeaf.com).*

**Certified Adviser**

Mangold Fondkommission AB is the Certified Adviser of Italeaf on NASDAQ OMX First North.

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***Italeaf SpA**, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, Greenled Industry, working in the development and production of power LED lamps for industrial energy efficiency and public lighting, WiSave in the "internet of things" field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market.*