



NICE S.p.A.

Via Pezza Alta, 13

Z.I. Rustignè

31046 Oderzo

Treviso Italy

www.thenicegroup.com

The Nice Group **THE NICE GROUP**

Il Gruppo Nice è un marchio di riferimento internazionale nel settore dell'Home Automation e dell'illuminazione. Offre una vasta gamma di sistemi integrati per l'automazione di cancelli, porte da garage e barriere stradali; tende e tapparelle; così come sistemi di allarme wireless e d'illuminazione per applicazioni di tipo residenziale, commerciale ed industriale.

**INFORMATION DOCUMENT
FOR TRANSACTIONS WITH RELATED PARTIES**



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Introduction

Nice S.p.A. (“Nice” or the “Company” or the “Issuer”) prepared this information document (the “Information Document”) pursuant to Article 5 of the Regulations approved by Consob with resolution no. 17221 of 12 March 2010 as amended by resolution no. 17389 of 23 June 2010, containing provisions relating to transactions with related parties (the “Consob Regulations”), as well as Article 7.2 of the “Related-Party Transaction Procedures” approved by the Company’s Board of Directors on 30 November 2010 as amended on 7 June 2013 (the “Procedure”).

The Information Document has been prepared and submitted to the Board of Directors’ approval of FontanaArte S.p.A. (“Fontana Arte” or “FA”) on 5 August 2016 in connection with the sale of the company’s assets and the operating unit by means of a related-party transaction (the “Transaction”). This Transaction consists in transferring such assets of the operating unit to a new company entirely owned by FA (hereinafter referred to as “New FA”) and to be eventually sold to Italian Creation Group S.p.A. (“ICG”). As a result of the arrangements agreed between the parties, Nice Group S.p.A. (“Nice Group”), which is currently the parent company of Nice S.p.A., will own a direct interest in ICG.

The Transaction will qualify as “material”, as it exceeds the materiality ratios set out in Article 4, paragraph 1, lett. a) of the Consob Regulations, which are transposed into the 5% threshold in the Procedure. Evidence of the materiality ratios exceeding the threshold comes also from Nice’s interim financial report as at 31 March 2016, as described in Paragraph 2.5.

This Information Document, published on August 10, 2016, is available to the public at the Company’s registered office in Oderzo (province of Treviso), Via Pezza Alta 13, as well as from the Company’s investor relations website ir.niceforyou.com and the authorised storage mechanism eMarket Storage at www.emarketstorage.com.

1. Warnings

Risks related to potential conflicts of interest arising from Transactions with related parties

The Transaction’s impact on the consolidated financial performance, the net financial position and cash flows are described later in this document.

By acquiring control over FA in 2010 Nice entered the lighting industry, complementary to its reference industry of home and building automation, in order to diversify its core business and exploit possible synergies. With the execution of the Transaction, Nice will dismiss such complementary assets and activities; therefore, such disposal will allow Nice to focus its resources. There are no substantial risks and/or uncertainties related to the sale of New FA that could potentially affect the Issuer’s operations.



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2. Information on the transaction

2.1 Description of the characteristics, details, terms and conditions of the Transaction

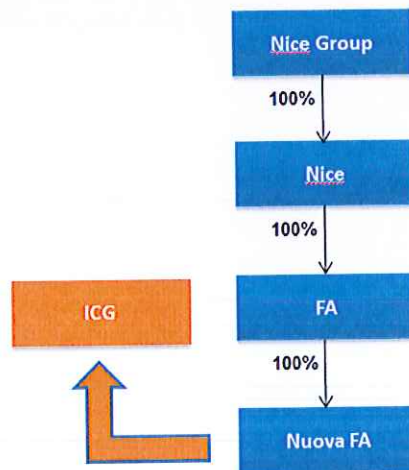
In recent weeks, ICG and Nice began discussing the opportunity to explore the sale of Fontana Arte to ICG as well as the acquisition of an interest in ICG by the Nice Group.

Subsequently, the parties started the due diligence process as well as a structured the transaction, eventually settling on the following:

- FA shall set up New FA which will take over FA's operating unit. Along with FA's manufacturing and marketing operations, the New FA shall also take over a portion of the debt for the shareholder loan currently provided by Nice to FA, for an amount of Euro 10,000,000.

Once the spin-off is complete, ICG shall acquire 100% of the shares of New FA for a total of Euro 5,000,000, that will be adjusted on the basis of the net financial position at the date of the accomplishment of the Transaction. ICG will also commit to provide New FA with the financial resources in order to repay to Nice the portion of the shareholder loan transferred.

The following chart sets out the steps of the Sale:



- At the same time, Nice Group shall become a shareholder of ICG, owner of no. 11,052,232, by subscribing a share capital increase of Euro 11,052,232 of face value and Euro 9,947,008,80 of share premium; at the same time Nice Group will buy no. 400 financial instruments for a consideration of Euro 1.05 each.

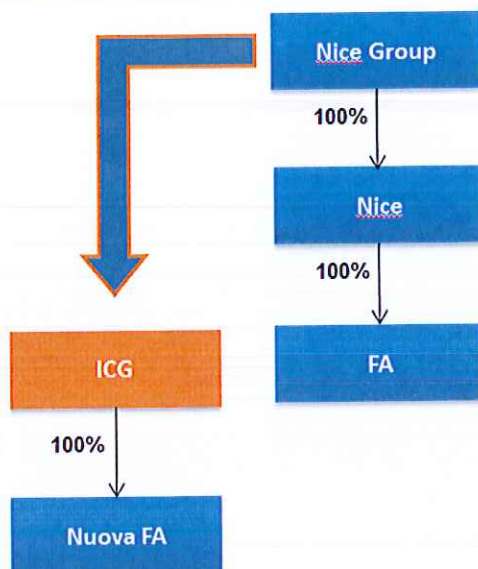
The following chart sets out the steps of the Nice Group's investment in ICG and the shareholding structure resulting from the Transaction:



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Alongside Nice Group a third party investor shall invest a material amount of the share capital increase of ICG, and this investment shall be subject to the accomplishment of the prospected Transaction, and therefore to the sale of Fontana Arte's assets and operations.

The parties (Nice Group and the third party) have negotiated a substantially identical subscription price for ICG's rights issue, ensuring that Nice Group will invest in ICG at arm's length.

2.2. Disclosure of the related parties involved in the Transaction, the nature of the relation with them, and the nature and extent of their interest in the Transaction

As already mentioned in the Introduction, the Transaction qualifies as a transaction with related parties as identified in accordance with the definitions in Annex 1, recalled by Article 3 of the Consob Regulations and Article 1 of the Procedure adopted by the Company's Board of Directors.

Concerning specifically the nature of the relationship with the parties, the Transaction has the following characteristics:

- FA, directly owned by Nice, sells 100% of shares of New FA to ICG;
- Nice Group, the parent company of Nice, and therefore indirectly owner over FA and New FA, will directly own more than 20% of ICG, which eventually will acquire 100% of New FA.

In light of the above it is possible to identify a relationship between FA (the seller) and ICG (the buyer) since both of them are indirectly owned (the former) and directly owned (the latter) by Nice Group.



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2.3. Disclosure of the economic rationale and benefit of the Transaction for Nice S.p.A.

By acquiring control over FA in 2010, Nice entered the lighting industry, a complementary business to its reference industry of the home and building automation, in order to diversify its core business and exploit potential synergies. Considering that not all synergies between FA and Nice's core business have been exploited and that there is still a long process to fully capture them, the Transaction represents therefore a divestment for Nice. Following such Transaction, it should allow Nice to continue pursuing and supporting its strategy for growth around its core business by consolidating its assets and exploring potential further acquisitions.

In financial terms, as a result of the sale of FA's business to New FA, Nice will scale back the prospected investments to support the lighting business. The disposal will improve the net financial position of Nice, strengthening its ability to secure further funding for new potential acquisitions.

Another key factor to consider when assessing the rationale and benefit of the sale is that Nice will maintain the focus on its core business, and therefore on the group's more consistent development strategy, in the years to come.

When assessing the rationale and benefit of the Transaction, it is important to stress the reliability of ICG shareholders and managers, who have a proven track record and international experience in developing complex projects of this nature. Besides the fact that the suitor is a related party, and therefore familiar to the Company, it certainly meets all economic, organisational and business reliability requirements to ensure not only the success of the Transaction, but also the pursuit of the strategic goals throughout the required investments in the Italian luxury brand industry on the part of ICG.

2.4. Determination of the consideration for the Transaction and assessment of its fairness relative to market prices for similar transactions.

The consideration for the Transaction, which will not be subject to price adjustments, was defined as a result of the offer submitted by ICG for an overall amount equal to the algebraic sum of the enterprise value agreed by the parties in Euro 15,000,000 (+) and the net financial position of New FA (-) at the date of the accomplishment of the Transaction (that will presumably be equal to about Euro 10,000,000, mostly constituted by a shareholder loan granted by Nice). At the closing date, ICG will commit New FA to reimburse such shareholder loan.

The above consideration was determined by assigning New FA an enterprise value totalling Euro 15,000,000.

In order to assess the fairness of ICG's offer, the parties sought for the opinion of independent spacilist/advisor. In particular, the assets and liabilities which will be transferred to New FA, will be subject to a fairness opinion prepared by Prof. Andrea Amaduzzi, who eventually confirmed his opinion that ICG's



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offer was fair. When the transfer will be carried out in September, Prof. Andrea Amaduzzi will also assess the assets and liabilities being transferred to New FA in accordance with Article 2465 of the Italian Civil Code.

Please note that Nice measured New FA's assets, net of the relevant liabilities, in the Consolidated Half-Year Financial Report at an estimate amount of Euro 5,325 thousand. The consideration offered by ICG for 100% of the shares of New FA appears consistent with the net book value of New FA's net assets as reported in NICE's consolidated financial statements. Assuming that the Transaction will be completed, NICE would recognise a capital gain, before the relevant tax impact, estimated as of June 30, 2016 in about Euro 200 thousand, as described in Paragraph 2.5—which sets out the Transaction's impact on NICE's financial performance, net financial position and cash flows. The impact, as described above, must be assessed also within the overall context of the Transaction, which will allow Nice Group to (i) free up resources currently absorbed by the lighting business, dedicating them to the growth of the core business, and (ii) improve the group's net financial position thanks to the cash in for the consideration.

2.5. Description of the Transaction's impact on the financial performance, financial position and cash flows of the Company, disclosing at least the applicable materiality ratios

The Transaction could qualify as “material”, as it exceeds the materiality ratios set out in Article 4, paragraph 1, letter a) of the Consob Regulations 17221 of 12 March 2010, which were transposed into the 5% threshold in the relevant Procedure adopted by Nice's board of directors. Therefore, and in any case in order to provide more details and information on the transaction, the Issuer deemed it expedient to prepare this information document.

Here below are the applicable materiality ratios, and the threshold with reference to the data in the Annual Financial Report as at 31 March 2016, the most recent Consolidated Statement of Financial Position published by Nice:

Value of the Transaction	15,000,000
-----	= ----- = 7.27%
Consolidated shareholders' equity ¹	206,462,000

¹ Exclusively for the sake of prudence, the Company considered Shareholder's Equity rather than the market capitalisation based on the closing price on 31 March 2016 (which was higher and amounted to approximately Euro 290 million)



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(*) Assets of the entity being transferred	22,483,000
-----	= ----- = 6.33%
Consolidated assets	355,019,000

(*) Liabilities of the entity being transferred	17,591,000
-----	= ----- = 4.95%
Consolidated assets	355,019,000

(*) Data from the sub-consolidated financial statements of New FA as at 30 June 2016 (see the table at the current Paragraph for more details).

Here below are the implications of the Transaction:

- concerning FA's separate financial statements:
 - a) upon the transfer, FA shall recognise the interest in the transferee (New FA), to be sold as a result of the Transaction, at an amount equal to the shareholders' equity being transferred (estimated as of June 30, 2016 in Euro 922 thousand); and
 - b) upon the sale of the interest in New FA, FA shall (i) derecognise the interest in New FA, (ii) recognise a capital gain on the sale (estimated as of June 30, 2016 in Euro 4,6 million, excluding the relevant tax impact), and (iii) see its net financial position improve after receiving the agreed consideration;
- concerning Nice's consolidated financial statements, upon the sale of the interest in New FA, Nice shall (i) deconsolidate the assets and liabilities of the company being transferred (i.e. New FA) as from the date of the sale of New FA, (ii) recognise a capital gain on the sale (estimated as of June 30, 2016 in Euro 200 thousand, excluding the relevant tax impact), and (iii) see its net financial position improve after receiving the agreed consideration for 100% of New FA as well as the shareholder loan.

For the sake of completeness, the Transaction's impacts on the financial position and the financial performance of Nice as reported in the Consolidated Half-Year Financial Report as at 30 June 2016 are set out below.

Impact on the financial position:
Statement of Financial Position

	Nice S.p.A. Consolidated	New FA SUB Consolidated	Recognition of Loan to New FA (Intercompany)	Receipt of Shar. Loan price	Receipt of New FA price and recognition through profit or loss	Sale tax Impact	Recognition of receivables to New FA (Intercompany)	Nice S.p.A. Consolidated with sale Impact
(in thousands of Euro)	30/06/2016	30/06/2016						30/06/2016
ASSETS								
Non-current assets								
Inangible fixed assets	86.309	(9.619)						76.690
Tangible fixed assets	46.329	(1.215)						45.114
Interests in unconsolidated subsidiaries	1	-						1
Other non-current assets	3.962	(66)						3.896
Deferred tax assets	13.066	(837)						12.229
Total non-current assets	149.667	(11.737)						137.930
Current assets								
Inventories	74.257	(6.917)						67.340
Trade receivables	65.943	(3.382)					85	62.646
Other current assets	2.182	(182)						2.000
Tax receivables	11.680	(63)						11.617
Other current assets	1.225	-	10.000	(10.000)				1.225
Cash and cash equivalents	57.954	(635)		10.000	5.524			72.843
Total current assets	213.241	(11.179)	10.000	-	5.524	-	85	217.671
Total assets	362.908	(22.916)	10.000	-	5.524	-	85	355.601
LIABILITIES AND SHAREHOLDERS' EQUITY								
Shareholders' Equity								
Share capital	11.600	(2.075)			2.075			11.600
Legal reserve	2.320	-						2.320
Share premium reserve	32.179	-						32.179
Treasury shares	(20.771)	-						(20.771)
Reserves and retained earnings	196.171	1.527			(1.527)			196.171
Translation reserves	(19.862)	(213)			213			(19.862)
Profit for the period	4.723	(4.555)			4.754	(63)		4.859
Group Equity	206.360	(5.316)	-	-	5.516	(63)	-	206.496
Equity attributable to non-controlling interests	(1.626)	(9)	-	-	9	-	-	(1.626)
Total Shareholders' Equity	204.734	(5.325)	-	-	5.524	(63)	-	204.870
Non-current liabilities								
Provisions for risks and charges	2.256	(292)						1.964
Termination benefits	1.815	(109)						1.706
Medium-/long-term loans	60.219	(10.002)	10.000					60.217
Other non-current liabilities	7.521	-						7.521
Tax payables (due after 12 months)	349	-						349
Provision for deferred tax liabilities	3.943	(2.572)						1.371
Total non-current liabilities	76.104	(12.976)	10.000	-	-	-	-	73.128
Current liabilities								
Bank overdrafts and loans	5.419	-						5.419
Other financial liabilities	207	-						207
Trade payables	53.830	(4.059)					85	49.856
Other current liabilities	9.956	(469)						9.487
Tax payables (due within 12 months)	12.659	(88)				63		12.634
Total current liabilities	82.070	(4.616)	-	-	-	63	85	77.603
Total liabilities	168.174	(17.591)	10.000	-	-	63	85	160.731
Total liabilities and shareholders' equity	362.908	(22.916)	10.000	-	5.524	-	85	355.601



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Impact on the financial performance:

Income Statement

	Nice S.p.A. Consolidated	Accounting impact of the sale	Sale tax impact	Nice S.p.A. Consolidated with sale impact
(in thousands of Euro)	30/06/2016			30/06/2016
Revenue	150.158			150.158
Operating costs:				
Cost for basic components, ancillary materials and consumables	(64.093)			(64.093)
Costs for services	(29.680)			(29.680)
Rental and lease costs	(4.413)			(4.413)
Personnel costs	(28.468)			(28.468)
Other operating costs	(2.525)			(2.525)
Depreciation and amortisation	(4.409)			(4.409)
Impairment	(6.806)			(6.806)
Other income	1.573	199		1.772
Operating profit/loss	11.339	199	-	11.536
Finance income	2.074			2.074
Finance expense	(3.691)			(3.691)
Other expenses	-			-
Pre-tax profit/loss	9.722	199	-	9.919
Taxes for the period	(4.914)		(63)	(4.977)
Net profit/loss	4.808	199	(63)	4.942
Net profit/loss attributable to non-controlling interests	85			85
Group net profit/loss	4.723	199	(63)	5.027

2.6. Impact on the remuneration of the members of the governing body of the Company and/or its subsidiaries as a result of the Transaction.

There will be no substantial changes in the remuneration of the members of the Board of Directors of Nice and FA after the transfer, nor of any subsidiaries as a result of the Transfer.



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2.7. Members of the governing and supervisory bodies, general managers and executives of the Companies involved in the Transaction.

Concerning the information provided in paragraph 2.2, please note that no members of the governing and supervisory bodies, general managers, and executives of Nice or its subsidiaries are involved in the Transaction as related parties.

2.8. Disclosure of the bodies or directors that have conducted or participated in the negotiations and/or approved the Transaction, specifying their roles, especially concerning independent directors.

As per the press release published also pursuant to Article 114, paragraph 1 of Italian Legislative Decree no. 58/1998 on August 5, 2016, the Company's Board of Directors approved the Transaction at the meeting held on said date. Considering that, as specified in Paragraph 2.5, the Transaction qualifies as material, the Board of Directors approved it after obtaining the reasoned favourable opinion of the Related Party Committee in accordance with Article 8, paragraph 1, letter c) of the Consob Regulations.

The Related Party Committee held meetings with Nice's CFO, Mr Nicola Biondo, and the executives responsible for conducting the negotiations, examining the documentation of the Transaction. In accordance with Article 8 of the Consob Regulations, the Related Party Committee focused on the Company's interest in carrying out the transaction, as well as whether the relevant terms and conditions were beneficial and substantially fair.

The Company's Board of Directors passed the resolution concerning the approval of the Transaction with the favourable vote of all directors in attendance (except for the director Mr. Lauro Buoro, who abstained from voting because of his position also as sole director of Nice Group).

The Related Party Committee unanimously gave a reasoned favourable opinion. The reasoned opinion issued by the Related Party Committee, including the specific considerations on the Company's interest in carrying out the transaction as well as whether the relevant terms and conditions were beneficial and substantially fair, is attached to this Information Document in Annex A.

In addition, Nice's Board of Directors approved the Transaction on 5 August 2016.

2.9. If the Transaction qualifies as material because of the cumulative impact, in accordance with Article 5, Paragraph 2, of multiple transactions carried out during the year with a single related party, or with entities related either to the related party or the Company, the above information shall be disclosed for all said transactions.

This requirement does not apply to the Transaction.



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Roberto Griffa

Chief Executive Officer

Annexes:

Annex A – Reasoned opinion of NICE S.p.A.'s Related Party Committee on the material transaction.

"This is an English courtesy translation of the original document prepared in Italian language."

To the kind attention of the
Board of Directors of Nice S.p.A.

RE: OPINION ABOUT THE SALE OF THE ASSETS AND THE OPERATING UNIT OF FONTANAARTE S.P.A. AND ABOUT THE INVESTMENT MADE BY NICE GROUP S.P.A. IN ITALIAN CREATION GROUP S.P.A.

Dear Sirs,

This opinion is rendered with reference to the planned sale of the assets and the operating unit of FontanaArte S.p.A. ("**FontanaArte**" or "**FA**") to be realized by means of a related-party transaction (the "**Operation**").

This Operation consists in transferring such assets of the operating unit to a new company entirely owned by FA (hereinafter referred to as "**New FA**") and the subsequent sale of the 100% of the shares of New FA to Italian Creation Group S.p.A. ("**ICG**"). As a result of the arrangements agreed between the parties, Nice Group S.p.A. ("**Nice Group**"), which is currently the majority shareholder of Nice S.p.A. ("**Nice**"), will own direct interest in ICG.

More specifically, the Operation is planned to take place by means of the following stages:

- FA will incorporate New FA, a new corporate entity, which will be capitalised by way of the contribution of the operating unit of FA. Together with the production and commercial activity of FA, part of the payable from a shareholder loan granted by Nice to FA, in the sum of Euro 10,000,000, will be transferred to the transferee New FA;
- once the spin-off by way of contribution has been completed, ICG will acquire 100% of the shares of New FA for an *enterprise value* of Euro 15,000,000 and an *equity value* determined as the algebraic sum of the *enterprise value* (+) and the net financial position of New FA (-) at the date of the sale; the net financial position, including the aforementioned shareholder loan, amounted to Euro 9,566,271.55, as at June 30th, 2016;
- at the same time as the acquisition of the entire share capital of New FA, the latter will be equipped by ICG with sufficient financial resources in order to repay to Nice the portion of the payable from the shareholder loan transferred with the contribution (i.e. the aforementioned Euro 10,000,000);
- in parallel, Nice Group will enter the shareholder structure of ICG by subscribing a reserved share capital increase of approximately Euro 21,000,000, becoming its shareholder with a shareholding still to be defined and which will depend upon the sums that will be invested by third parties in ICG's share capital, but which will be between 37 and 45%.

The evaluation of the assets and the operating unit of FontanaArte has been done by an independent third party, mainly to allow this Committee to render its opinion in relation to the overall Operation and, above all, in order to assess the fairness of the sale price of the shareholding in New FA. In fact, on July 11th, 2016, a mandate was granted to Professor Andrea Amaduzzi to evaluate the assets and operating unit subject to contribution (which will represent the entire equity of New FA); the independent expert, in his fairness

opinion provided on August 4th, 2016, assessed that the market value of the production units of FA amounts to Euro 15 million.

According to this fairness opinion, the *enterprise value* attributed by ICG and FA as part of the Operation (i.e. Euro 15,000,000) appears to be consistent with the market value.

The expert opinion provided by Professor Amaduzzi has led to the determination of a fair market value different from the value in use emerging from the impairment test approved by the Board of Directors on February 26th, 2016, for the following reasons:

- 1) the focus of the fairness opinion was the value of the business branch of FA subject to the sale. Therefore, the plan in support of the fairness opinion was the plan that supported the impairment test itself, but it was adjusted to take into account the new structure of the business branch spun-off from real estate management. In this way, the EBITDA has been reduced by the cost of rental and, as a consequence thereof, the generation of future cash was also found to be reduced. The plan approved by the Board of Directors on February 26th, 2016, on the other hand, referred to the sub-consolidated financial statements of FA in its entirety, including real estate. The adjusted plan includes, on the other hand, costs for rental and presents a restructuring of the NFP.
- 2) In calculating the WACC of the plan relating to the fairness opinion, unlike the impairment test, the Size Premium is considered; in fact, the standalone business outside the context of the Nice Group does not have dimensions that make it able to be financially autonomous; as a result, the cost of capital was adjusted to reflect a small cap situation of the new entity. The WACC thus used amounted to 11% compared to the 7.5% used in the impairment test.
- 3) The aim of the fairness opinion is to determine a fair market value, while the impairment test had led to the determination of a value in use, on the premise that the business could be managed in synergy with the Nice Group.

Professor Andrea Amaduzzi was also instructed by FontanaArte to prepare a sworn expert report in accordance with Article 2465 of the Italian Civil Code, in order to certify that the value attributed to the FA's assets and operating unit is at least equal to the values of net equity of the transferee company that will be released by means of the capitalisation of New FA. From this point of view, again, under this additional regulatory check, risks of discrepant evaluations of FA's assets and operating unit from the actual equity consistency should be avoided.

From a strategic perspective, the Committee, having acknowledged that the results of FA, albeit improved compared to the same period of 2015, are not consistent with the new plan approved by the directors, that synergies between FA and the main activities of Nice cannot be achieved and that a path of reorganisation of FA is still necessary, believes that the Operation represents a disinvestment for Nice which should allow the latter to continue to pursue and to support, in a tangible manner, the strategic lines of development adopted up to now and converging into the main business, through the consolidation of the assets owned and the evaluation of new acquisitions (particularly in the sector of security and home automation).

From the financial perspective, by virtue of the sale of the business of FA, the supposed investments provided by the business plan in the sector of technical lighting will not be necessary. That disposal, in addition, will contribute to an improvement of the consolidated net financial position of Nice, of an amount equal to the sum of the price that will be paid by ICG for the purchase of 100% of the share capital of New FA (i.e. the *equity value*) and the shareholder loan of Euro 10,000,000 which will be repaid by New FA.

Therefore, according to the foregoing and finally considering that:

- the sale price of the assets and the operating unit of FA which will be transferred to New FA appears to be appropriate and consistent with the market value;
- the disposal of its shareholding should allow Nice to better focus its business resources into its most characteristic core business, without having to support the activity of FA anymore;

this Committee renders a positive opinion in favour of the execution of the Operation.

Oderzo – August 4th, 2016