

**EXPLORATORY NOTICE FOR EXPRESSION OF INTEREST IN CONNECTION WITH
THE BIOMETHANE PROJECT OF LATTE ARBOREA**

The Cooperative Assegnatari Associati Arborea s.c.a.p.a. (LATTE ARBOREA) intends to acquire expressions of interest in order to select primary companies operating in the energy sector willing to collaborate with LATTE ARBOREA in the realization of the so-called Biomethane project as better described below.

This notice is aimed exclusively at collecting expressions of interest from companies interested in participating in the tender for the identification of a company keen to participate in the implementation of the biomethane project.

This notice and any expression of interest is devoid of any binding effect both for LATTE ARBOREA and for the company that has to express its interest.

Addressees of the notice: this notice is addressed to primary companies operating in the energy production sector, and preferably with specific knowledge of the Italian government incentives regulating the production of biomethane for automotive, in possession of adequate technical and economic-financial requirements in relation to the complexity and onerousness of the Project.

Premise

LATTE ARBOREA, registered office in Arborea, road 14 est bis, 09092 ARBOREA (OR) VAT no. 00029780954, is a Dairy Cooperative which today includes approximately 235 shareholders', producer owners of farms located throughout the regional territory of Sardinia, with a turnover of 183 million euros as at December 31, 2019.

LATTE ARBOREA represents one of the major Italian production companies in the production of cow's and goat's milk and its derivatives. Since its founding in 1956, the aforementioned cooperative has started a process of enhancement of the dairy sector in Sardinia, which continues to have a sustained flow of growth thanks to careful planning of the breeding phases and of the production.

LATTE ARBOREA is a cooperative registered in no. A143061 of the register kept by MISE, an agricultural company and also an **Organization of Producers**.

LATTE ARBOREA intends, directly or through third parties, to build and manage a biomethane production plant with a production capacity of about 250 Smc / h, which can be developed, at least up to 500 Smc / h, through

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the use of renewable sources of the local short supply chain, to be realized in the industrial district of Arborea, hereinafter "the Project";

LATTE ARBOREA carried out the plant design at its own expense on the assumption that the current tariff incentivized in the biomethane sector remains such until the expiry year of the relative decree of 2 March 2018; LATTE ARBOREA has finalized the authorization to build (PAS - *Procedura Abilitativa Semplificata* that stands for: : Simplified Enabling Procedure) of the plant which includes the storage system of the inlet matrices, the biogas production plant, the refining system (gas upgrading), the liquefaction of biomethane, storage of the product, high nitro-denitro treatment plants, digestate, preparation of plant facilities and finally, the distributor and / or fuel sales point;

LATTE ARBOREA is the recipient of a financial contribution granted by the Sardinian Regional Government for the realization of the Project for an amount equal to 20% of the investment up to a maximum of 2 million euros.

LATTE ARBOREA has drawn up a business plan for the Project which currently highlights its high profitability.

LATTE ARBOREA intends to involve a primary energy company in the realization of the Project in order to enhance the Project itself.

Given the above, we inform you that LATTE ARBOREA intends to carry out a market investigation aimed at identifying qualified economic operators potentially interested in being invited to a subsequent negotiated procedure concerning the sharing of the realization of the Project, in particular of so that the chosen company can take charge of the following activities: "Financing, definition and completion of the authorization procedures, construction and management of the biomethane production plant to be implemented at the Municipality of Arborea, Oristano, Sardinia, Italy. The selected economic operator will assume the role of financial and technical partner of LATTE ARBOREA in the implementation of the Project according to the terms and methods specified below.

LATTE ARBOREA reserves the right not to proceed with the induction of the subsequent negotiated procedure for the awarding of the concession according to its unquestionable decision, without the operators who have possibly expressed interest being able to advance rights of any kind.

OBJECT OF THE PROJECT: CONSTRUCTION AND MANAGEMENT OF A PLANT FOR THE PRODUCTION AND SALE OF BIOMETHANE TO BE REALIZED AT THE MUNICIPALITY OF ARBOREA, ORISTANO, SARDINIA, ITALY.

The plant in question as a whole has the following sections:

- Receipt of incoming livestock slurry transported by tankers;
- Pretreatment and pumping;
- Anaerobic digestion;
- Pretreatment of the biogas produced;
- Biogas upgrading treatment for Biomethane production;
- Biomethane liquefaction treatment;
- Treatment of digestate leaving the digesters by solid-liquid separation;
- Biological nitrification-denitrification treatment for the high reduction of nitrogen present in the liquid fraction of the digestate;
- Accumulation of the liquid fraction of the digestate treated to be taken with the tankers and destined for fertigation;
- Treatment of the separated solid of the digestate;
- Fire system;
- MV / LV electrical transformer substation;
- Local technological services and offices;
- General arrangement of the plant area: squares and roads with reinforced concrete pavements, sidewalks, sewage and rainwater, wastewater treatment tank, night lighting network with LED headlights, fence with reinforced concrete wall, surmounted by grilled orsogrill;
- Piping, electrical connections, utilities, etc.
- Construction of a refueling station, located in Arborea near the production plant, complete with cryogenic storage tank of liquefied natural gas (LNG) and related regasification and transfer plants, equipped with columns for refueling vehicles powered by compressed natural gas (CNG), liquefied gas (LNG), diesel and petrol;

The plant was sized to treat a daily quantity equal to about 356 cubic meters of slurry of zootechnical origin with an average concentration of total solids of 8% and a fraction of volatile solids equal to 90%, per day.

With this daily ration it is estimated that the anaerobic digestion plant is capable of producing a quantity of biogas equal to 500 Nmc / h and that the up-grading plant is capable of producing a quantity equal to 276 Smc/h of Biomethane.

THE FINANCIAL NEEDS OF THE PROJECT

The investment necessary to carry out the Project has currently been quantified by LATTE ARBOREA in approximately 11 (eleven) million euros.

LATTE ARBOREA will provide the contribution recognized by the Autonomous Region of Sardinia for two million euros. The partner selected by LATTE ARBOREA will provide the remaining part of the financial resources necessary for the realization of the Project on the basis of the shared business plan.

The final needs of the Project as well as its profitability are subject to autonomous assessment to be carried out under the sole responsibility of the interested parties and/or partners.

PARTICIPATION METHODS' FOR THE REALIZATION OF THE PROJECT

The involvement of the selected company in the realization of the Project will take place through the creation of an **"asset destined to a specific business"** pursuant to articles 2447 bis of the Italian civil code.

The choice of this technical legal instrument is motivated by the fact that the production of biomethane for road transport is considered by law to be an associated agricultural activity pursuant to art. 2135 of the Italian civil code in the presence of subjective and objective connection requirements, as is the case with LATTE ARBOREA. LATTE ARBOREA intends to confer, inter alia, the projects and studies elaborated in relation to the Project, to the destined patrimony, the contribution of € 2.000.000 by disbursing from the Region of Sardinia, its know-how, the drafts of the contracts elaborated to regulate the various reports relating to the Project.

LATTE ARBOREA will also grant the use of the areas destined for the realization of the Project in use.

Some of the main characteristics of the destined assets are indicated below:

1. The destined patrimony configures an autonomous patrimony and the obligations contracted for the pursuit of the specific business LATTE ARBOREA is liable for it, however, only limited to the value of the patrimony destined for it.

2. The third party that invests in the Project provides the financial resources necessary for the realization of the Project through the subscription of participatory financial instruments (SFP) which will be governed by the resolution establishing the destined assets.
3. The creditors of LATTE ARBOREA cannot claim any claim on the destined assets and so vice versa the creditors of the specific deal on the general assets of the company.
4. The distribution of the profits generated by the Project between LATTE ARBOREA and the owners of the SFP is left to the negotiation phase.
5. The third party who subscribes the SFPs will also have administrative rights that will allow the Financer to control the implementation of the Project and any other rights that may be negotiated between the parties. Any refinancing obligations, also to cover losses, will be governed by specific agreements between the parties.
7. The financial contribution of the third party will be reimbursable at the time of cessation of the assets of the destined assets (eg transfer of the plant to third parties), subject to creditors' satisfaction.
8. In the event of the inadequacy of the destined assets, the liquidation of the assets destined by the company and without risk of bankruptcy is provided as an exclusive specific remedy.

SELECTION OF THE FINANCER

PHASE 1: METHOD OF PRESENTATION OF INTEREST TO THE BIOMETHANE PROJECT

Companies interested in participating in the Project can send their expression of interest by 12.00 on May 30, 2020, by email addressed to: [**progettobiometano@arborea.it**](mailto:progettobiometano@arborea.it)

The expression of interest must contain an illustration of the company's competences in the sector covered by this notice accompanied by information or documents that demonstrate the possession of adequate technical and economic-financial skills.

The expression of interest may also be formulated by temporary associations between companies, consortia, consortium companies or networks of companies, already established or to be established.

PHASE 2: ACCESS TO THE DATA ROOM FOR SELECTED SUBJECTS

By June 15, 2020 LATTE ARBOREA will contact the subjects who have been selected for phase 2 allowing access to the data room in order to have the documentation provided by LATTE ARBOREA in order to evaluate the Project and formulate the respective offer to participate in the Project.

Access to the data room and its operating rules will be governed by specific regulations.

PHASE 3: PRESENTATION OF THE PROPOSALS

By 12.00 on July 3, 2020, interested companies will be able to send LATTE ARBOREA, via email addressed to: progettobiometano@arborea.it, the respective proposal to participate in the realization of the Project using the format attached to this notice and attaching the documentation deemed necessary or appropriate.

PHASE 4: CLOSING OF THE PARTNER SELECTION AND SELECTION PHASE

By July 16, 2020, LATTE ARBOREA will communicate the choice to the proposing parties.

The choice of the partner with whom to negotiate the partnership agreement for the realization of the Project will be discretionarily made by LATTE ARBOREA with the possible help of its advisors.

The communication of the partner's choice does not bind LATTE ARBOREA until the agreements referred to in the following Phase 5 have been signed.

PHASE 5: NEGOTIATION OF AGREEMENTS WITH THE SELECTED PARTNER

LATTE ARBOREA and the partner selected in good faith will negotiate the contents of the agreements in accordance with the provisions of this notice and the partner's proposal.

FINAL PROVISIONS

LATTE ARBOREA reserves the right to modify the terms, suspend and interrupt the procedures initiated at any time and without notice, to withdraw at any time from any negotiations that have been initiated, whatever the degree of progress of the same, or to suspend or interrupt the negotiations with the selected partner without the candidates being able to make any claim or claim for compensation or compensation against LATTE ARBOREA, even for the costs incurred, even of the only negative interest, to be understood as expressly waived. This notice constitutes a mere invitation to offer and not offered to the public pursuant to art. 1336 of the Italian civil code, nor solicitation to invest pursuant to art. 94 et seq. of Legislative Decree no. 58, February 24, 1998. Further information on this selection procedure can be found by consulting the website www.arborea1956.com in the specific reserved section "Biomethane Project", where data and documents relating to the Project will be made available. Those interested in accessing this reserved area must make a prior request to LATTE ARBOREA

by email addressed to: progettobiometano@arborea.it. Access to the reserved area presupposes the signing of a confidentiality agreement the text of which will be sent to the interested parties.

The processing of the data received will take place in accordance with the provisions of Regulation 2016/679 ("GDPR"). Pursuant to the same, the processing of personal data will be based on lawfulness, correctness and transparency in full protection of the rights of the tenderers and their confidentiality; the processing of data has the purpose of allowing the assessment of the suitability of the tenderers. The data controller is LATTE ARBOREA against which the interested party can assert his rights provided by the GDPR.

This invitation and the entire procedure are governed by Italian law and the Court of Cagliari will have exclusive jurisdiction over any disputes relating to them.

The information contained in this document is for general information purposes only.

The information is provided by LATTE ARBOREA and while we endeavour to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the Project or its feasibility, sustainability or profitability for any purpose. Any reliance you place on such information is therefore strictly at your own risk.