

## Prospectus



### Dolomiti Energia S.p.A.

*(incorporated as a company limited by shares under the laws of the Republic of Italy)*

#### **€5,000,000 1.05 per cent. Fixed Rate Notes due 2022**

The €5,000,000 1.05 per cent. Fixed Rate Notes due 2022 (the "**Notes**") of Dolomiti Energia S.p.A. (the "**Issuer**") are expected to be issued on 27 February 2018 (the "**Issue Date**") at an issue price of 100 per cent. of their principal amount.

The Notes are in denominations of €500,000 and will be redeemed in instalments of €125,000 for each Note on 10 August 2019, 2020 and 2021, with final redemption of the remaining amount of €125,000 for each Note on 10 August 2022. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of a Change of Control (as defined below). See "*Terms and Conditions of the Notes — Article 8 (Redemption at the Option of Noteholders upon a Change of Control)*".

The Notes will bear interest from the Issue Date at a rate of 1.05 per cent. per annum, payable semi-annually in arrear on 10 February and 10 August each year, commencing on 10 August 2018. Payments on the Notes will be made in Euros and will be subject to Italian substitute tax pursuant to Legislative Decree No. 239 of 1 April 1996. See "*Terms and Conditions of the Notes — Article 12 (Taxation)*".

This prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC (as amended, the "**Prospectus Directive**") and constitutes a prospectus for the purposes of the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to listing on the Official List and to trading on its regulated market with effect from the Issue Date.

This Prospectus is available for viewing on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)) and the documents incorporated by reference herein may be accessed on the Issuer's website (see "*Information Incorporated by Reference*").

Any website referred to in this document does not form part of the Prospectus.

**An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 6.**

The Notes are in bearer and dematerialised form, held by Monte Titoli S.p.A. ("**Monte Titoli**") for its relevant account holders. The Notes will at all times be evidenced by book-entries in accordance with the provisions of Article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or the "**TUF**") and the regulation issued jointly by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* on 22 February 2008, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

**Placement Agent**  
**UNICREDIT BANK**

**26 February 2018**

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or by UniCredit Bank AG as placement agent (the "**Placement Agent**").

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer since the date of this Prospectus. The Issuer is under no obligation to update the information contained in this Prospectus after their admission to trading on the regulated market of the Irish Stock Exchange and, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither the Placement Agent nor any of its affiliates has verified the information contained in this Prospectus and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Placement Agent or by any of its affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuer in connection with the Notes.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Placement Agent that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing legal, business, accounting, tax or other professional advice and each investor contemplating purchasing any Notes should make its own independent investigation of the condition (financial or otherwise), results of operation, business and prospects of the Issuer and its own appraisal of the Issuer's creditworthiness, and should have consulted its own legal, business, accounting, tax and other professional advisers.

Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Placement Agent to any person to purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Placement Agent to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Placement Agent represents that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In

particular, no action has been taken by the Issuer or the Placement Agent which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

*Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.*

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## PRESENTATION OF FINANCIAL INFORMATION

The audited annual financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015 are incorporated by reference in these Listing Particulars. See "*Information Incorporated by Reference*" below. The Issuer prepared those financial statements in accordance with generally accepted accounting principles in Italy, as prescribed by Italian law and supplemented by the accounting principles issued by the Italian accounting profession ("**Italian GAAP**"). In accordance with applicable laws and regulations, the financial statements of the Issuer as at and for the year ending 31 December 2017 are expected to be prepared in accordance with Italian GAAP whereas, starting from the financial year ending 31 December 2018, the Issuer expects to prepare its annual financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union.

The Issuer does not have any subsidiaries and, accordingly, does not prepare consolidated financial statements.

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## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "will", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential

investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's results of operations, financial condition, liquidity and the development of the industries in which it competes to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's results of operations, financial condition and liquidity, and the development of the industries in which it operates. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

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## CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) "**affiliates**" means, in relation to a specified person, a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, that specified person;
- (ii) the "**ARERA**" means the Italian Energy, Networks and Environmental Regulation Authority (*Autorità di Regolazione per Energia Reti e Ambiente*), formerly known as the AEEGSI or *Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*;
- (iii) references to "**billions**" are to thousands of millions;
- (iv) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*";
- (v) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (vi) the "**Group**" or the "**Dolomiti Energia Group**" means Dolomiti Energia Holding and its Subsidiaries (including the Issuer), taken as a whole;
- (vii) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;
- (viii) the "**Issuer**" or "**Dolomiti Energia**" means Dolomiti Energia S.p.A.;
- (ix) references to a "**Member State**" are to a Member State of the European Economic Area;
- (x) the "**Parent Company**" or "**Dolomiti Energia Holding**" means Dolomiti Energia Holding S.p.A.;
- (xi) "**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and
- (xii) the "**Placement Agent**" means UniCredit Bank AG.

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## RISK FACTORS

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be in a position to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and consider carefully whether an investment in the Notes is suitable for them in the light of the information in this Prospectus and their personal circumstances, based upon their own judgment and upon advice from such financial, legal, tax and other professional advisers as they deem necessary.*

*Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. Prospective investors should read the whole of this Prospectus, including the information incorporated by reference.*

### **Factors that may affect the issuer's ability to fulfil its obligations under the Notes**

#### ***Risks relating to the legislative and regulatory context***

The Issuer and the Dolomiti Energia Group operate in a heavily regulated environment, in accordance with, among other things, the rules issued by the Italian Energy, Networks and Environmental Regulation Authority (*Autorità di Regolazione per Energia Reti e Ambiente*) (the "ARERA"), which in turn operates in accordance with Italian and European laws, regulations and guidelines. Any changes to the applicable legislation and regulations or in their interpretation, whether at a national or European level, could adversely affect the Issuer's and the Group's revenues and operations. Such changes could relate to tax rates, the procedure for awarding and/or renewing concessions, the tariffs charged by the Group for its services, the determination of any indemnities or compensation due to the Group in the event of termination or loss of concessions, and environmental, safety or other workplace laws. Public policies relating to energy, energy efficiency and/or air emissions might also affect the market and, in particular, the regulated sectors in which the Group operates.

The following legislation has been subject to change in recent years:

- rules relating to the grant of concessions for the distribution of gas and electricity and for the production of hydroelectric power;
- regulation of local public services and public companies;
- the Green Certificates Market rules; and
- the Third Energy Package of the European Union.

It is not possible to predict how recent changes to the laws and regulations affecting the Group's business sectors will affect the Group. In addition, new legislative measures may be introduced aimed at a further liberalisation of the market, which could facilitate the entry of new competitors into the market or affect the duration of the Group's concessions. Any additional costs incurred and investments made by the Group in order for it to comply with any applicable regulation, as well as any loss of potential business opportunities, could adversely affect the business, financial condition and results of operations of the Issuer.

### ***Risks relating to quality standards***

The Issuer and the Group are required to comply with certain quality standards for the sale of electricity and natural gas to end users, as well as certain standards of security, continuity and commercial quality with respect to natural gas and electricity distribution. Failure to comply with these standards may result in the Issuer having to indemnify end users or pay penalties and/or fines. Although the Issuer believes that it currently complies with the relevant quality and safety standards, any future breach of these standards could adversely affect the business, financial condition and results of operations of the Issuer, as well as its ability to meet its payment obligations under the Notes.

### ***Risks relating to the implementation of strategic objectives***

The Group intends to pursue a strategic plan of growth and development, in particular in the electricity production and natural gas distribution sectors. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sectors in which the Group operates, such as estimates of customer demand and changes to the applicable regulatory framework. There can be no assurance that the Group will achieve the objectives under its strategic plan. For example, if any of the events and circumstances taken into account in preparing the strategic plan do not occur, the future business, financial condition, cash flow and/or results of operations of the Group could be different from those envisaged and the Group may not achieve its strategic plan, or do so within the expected timeframe, which could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

### ***Risks relating to investments***

In order to strengthen its competitive position on the market and expand its customer base, the Group has invested and continues to invest in the electricity production and sale and natural gas sectors and the distribution networks which it owns or operates under concession agreements. There is no assurance that the investment strategies implemented by the Group will be successful, as they may be interrupted or delayed due to difficulties in obtaining environmental and/or administrative authorisations or opposition from political groups or other organisations, or may be influenced by changes being made to the price of equipment, materials and labour and the political or regulatory framework or the Group becoming unable to raise funds at acceptable interest rates. Such delays could affect the ability of the Group to meet regulatory and other environmental performance standards and could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

### ***Risks relating to growth in the energy efficiency market***

In recent years, there has been a significant growth in the market for energy efficiency services that the Issuer is developing with the aim of strengthening customer loyalty and increasing margins. In the short term, this may lead to a worsening of the Issuer's financial position due to the outlay for the purchase of the services provided, which is usually repaid by the customer over a medium-term period.

### ***Risks relating to interruption of the Issuer's business activities***

The Issuer is continuously exposed to the risk of interruption of its business activities due to the malfunctioning of the Group's infrastructure (transport/distribution networks) and plants (storage and delivery points) resulting from events outside of the Issuer's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as any unavailability of equipment or IT systems of critical importance for the

Group's business activities caused by material damage to equipment, components or data. Any such events could compromise production capacity, result in loss of income and/or cost increases, damage the Issuer's reputation and, overall, have a material adverse effect on the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

***Risks relating to issues encountered along the supply and distribution chain***

Peak demand periods may coincide with times when there is a shortage of electricity and natural gas. In addition, the Issuer could experience problems with the delivery of electricity and natural gas to customers due to an interruption of the operation of the electricity transmission network or the natural gas transport network. Should the Issuer encounter these issues, it could be forced to limit or suspend its business. Furthermore, a large part of the natural gas transported in the Italian national transportation system is imported from or transits through countries that have already experienced and may continue to experience political, social and economic instability. The import of natural gas from, or its transit through, such countries, is therefore subject to certain risks inherent in such countries including high inflation, volatile exchange rates, weak insolvency and creditor protection laws, social unrest, limitations on investments and on the import and export of assets, increases in taxes and excise duties, enforced contract renegotiations, nationalisation or renationalisation of assets, changes to commercial policies, monetary restrictions and loss or damage owing to political upheaval and/or conflict. Additional risks could be related to a failure by suppliers and consultants (for primary services such as materials supply, technical service and support service such as IT specialists, legal, consultancy, etc) to provide their services in due time and/or with reasonable skill and care. All of the above risks could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

***Risks relating to seasonality and atmospheric conditions***

The Issuer's business is affected by atmospheric conditions such as the average temperatures influencing overall consumption needs. Significant changes in weather conditions from year to year may affect the demand for electricity and natural gas, it being typically higher in cold winters (due to the need for heating) and hot summers (due to the need for air conditioning). Sudden weather changes or unusual weather conditions could result in a significant variation from normal demand and could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

***Geographical concentration***

A significant proportion of the Issuer's business is concentrated in the province of Trento in the north-east of Italy. Accordingly, although part of the Issuer's strategy is aimed at expanding in other parts of Italy, its customer profile is geographically narrow and its business customers are concentrated in industries that mirror the local economy. At the same time, there can be no assurance that the Issuer will in the future be able to maintain its niche position in the province of Trento. Any downturn in economic conditions affecting the Issuer's local market and the main industries in that area, as well as any loss in its share of the local market, could have a material adverse effect on the Issuer's financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

***Risks relating to market liberalisation, resulting in greater competition***

The sectors in which the Group operates have undergone a process of gradual liberalisation in recent years, which has been implemented in different ways and according to different timetables from the production to the distribution process. As a result, new competitors may enter many of the Group's markets and the Group's ability to develop its businesses and improve financial results may be



constrained by new competition. Furthermore, the Group may be unable to offset the financial effects of decreases in production and sales of electricity through efficiency improvements or expansion into new business areas or markets.

In its electricity business, from the production to the transportation, supply and sale businesses, the Group competes with other producers and traders from both inside and outside of Italy who sell electricity in the Italian market to industrial, commercial and residential clients. This could have an impact on the prices paid or achieved in the Group's electricity production and trading activities.

Similarly, in its natural gas business, the Group faces increasing competition from both national and international natural gas suppliers. Increasingly higher levels of competition in the Italian natural gas market could entail reduced natural gas selling margins. Furthermore, a number of national gas producers from countries with large gas reserves have begun to sell natural gas directly to end users in Italy, which could threaten the market position of companies like the Issuer, which resell gas purchased from producing countries to end users.

Although the Group has sought to face the challenge of liberalisation by increasing its presence and client base in free (i.e. non-regulated) areas of the energy markets in which it competes, it may not be successful in doing so. Any failure by the Group to respond effectively to increased competition may have a material adverse effect on the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Funding and liquidity risks***

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements of the Group's companies are coordinated by the Group's central finance department in order to achieve consistency between financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Group's prescribed limits. The Group's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources.

However, these measures may not be sufficient to protect the Group fully from such risk and, in addition to the impact of market conditions, the ability of the Group to obtain new sources of funding may be affected by contractual provisions of existing financings, such as:

- change of control clauses, requiring the Group to remain under the control of local authorities;
- clauses such as negative pledges that restrict the security that can be given to other lenders; and
- financial and non-financial covenants restricting the amount of indebtedness that the Group may incur.

If insufficient sources of financing are available in the future for any reason, the Issuer may be unable to meet its funding requirements, which could materially and adversely affect its financial condition and results of operations, and its ability to fulfil its obligations under the Notes.

#### ***Risks relating to interest rate fluctuation***

The Group is exposed to the risk of interest rate fluctuation, in particular arising under its financial indebtedness. This varies according to the fixed or floating interest rate structure in place. In order to hedge its cash flow and to maintain a balance between indebtedness carrying floating and fixed rates of interest, the Group has entered into hedging agreements with financial counterparties and various medium and long term loans carrying either a fixed rate or a floating rate of interest. There can be no assurance that the hedging policy adopted by the Group, which is designed to minimise any losses

arising from interest rate fluctuation (by converting floating rate indebtedness into fixed rate indebtedness) will actually reduce such losses. To the extent that it does not, this could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to credit management***

The Issuer is exposed to the risk that its receivables will not be paid by customers as they fall due, in particular in the electricity sales and natural gas business. As at 31 December 2016 and 2015, the Issuer's receivables amounted to approximately €272.4 million and €208.1 million respectively. The Issuer is implementing its credit policy for assessing main customers' and other financial counterparties' credit standing, monitoring predicted credit collection flows, issuing payment reminders, extending payment deadlines in certain circumstances, requesting bank or insurance guarantees, and implementing suitable recovery steps (including legal proceedings). In addition, provisions for bad debt to cover the potential non-payment of the Issuer's receivables amounted to €15.8 million as at 31 December 2016 and €20.1 million as at 31 December 2015. Notwithstanding the foregoing, there can be no assurance that the steps taken by the Issuer to manage and monitor credit risk are effective to limit its exposure to losses, which could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to fluctuations in the prices of energy commodities***

The Issuer and the Group are exposed to the risk of fluctuations in the prices of the energy commodities it handles, in particular power and natural gas. These fluctuations directly and indirectly affect the Issuer's results through indexing mechanisms contained in pricing formulas. In order to manage exposure to the energy markets, the Issuer and the Group implements appropriate hedging activities to stabilise cash flows generated by the global portfolio of assets and contracts and to protect the Issuer's and the Group's operating margin from fluctuations attributable to market risk inherent in the commodities in which it trades. Stabilisation of cash flows also serves the purpose of protecting the value of assets and of avoiding the need for write-downs caused by excessive market-price volatility.

The Group is committed to limiting its exposure to commodity price risk through a limited use of derivative instruments, both by aligning the indexing of the commodities purchased and sold and by exploiting its various business segments. In order to manage residual market risk, the Group uses approved financial derivatives traded on organised markets (i.e. EEX) and over the counter (swaps, forward, contracts for differences) with the underlying commodities being power. Such derivatives are evaluated at fair value on the basis of market prices provided from specialist sources or, in the absence of liquid market prices, on the basis of estimates provided by brokers or suitable evaluation techniques. In particular, trading operations are subject to specific operational requirements designed to limit the net exposure of the entire asset and contract portfolio and monitor the overall level of economic risk undertaken.

The Issuer gives no assurance that the measures adopted at group level to manage the price fluctuation of the commodities it handles are adequate, or that in the future it will be able to continue to rely on hedging arrangements. If those measures prove to be inadequate or cease to be available, this could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to legal proceedings or investigations by the authorities***

In its ordinary course of business, the Issuer is a party to legal proceedings, both as plaintiff and as defendant, and is also subject to investigations by regulators and other government bodies.

Furthermore, the Issuer may from time to time be subject to further litigation and investigations by taxation, antitrust and other authorities. However, the Issuer is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it. As at 31 December 2016, the Issuer had not set aside any provisions in its financial statements to cover liabilities that may arise from legal proceedings.

In addition, the Issuer may in future years incur significant losses, over and above the amounts already set aside in its financial statements, from pending or future legal claims and proceedings owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations; (iii) the emergence of new evidence and information; and (iv) the underestimation of likely future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on the business, financial condition and results of operations of the Issuer, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to insurance coverage***

The Issuer maintains insurance coverage in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage, business interruption and personal injury claims. However, there can be no assurance that: (i) it will be able to maintain the same insurance cover in the future (on acceptable terms or at all); (ii) claims will not exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be willing and able to meet their obligations; or (iv) the Issuer's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of any liabilities ultimately incurred. Any shortfall in recovery from insurers and/or in provisions could have an adverse effect of the Issuer's financial conditions and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to skills and expertise and know-how of employees***

The Issuer's ability to operate its business effectively depends on the skills, know-how and expertise of its employees. If the Issuer loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy, which could in turn adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to potential disputes with employees***

Disputes with the Issuer's employees may arise both in the ordinary course of the Issuer's business or from one-off events, such as mergers and acquisitions. Any material dispute could give rise to difficulties in supplying customers and maintaining its networks, which could in turn lead to a loss of revenues and prevent the Issuer from implementing its business strategy. This could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risks relating to potential breach of laws and regulations by employees and operating and IT risk***

There is a risk that the Issuer's employees may breach anti-bribery legislation, the Issuer's internal policies or governance regulations. In addition, the Issuer and the Group are exposed to different types of operational risk, including the risk of fraud by employees and third parties, the risk of unauthorised transactions performed by employees or the risk of operational errors, including those resulting from defects or malfunctions of computer or telecommunications systems or penetration of IT systems by outsiders intent on extracting or corrupting information or disrupting business processes. The systems adopted for operational risk management are designed to ensure that the risks related to

the Issuer's activities are kept under adequate control. Any defect or inadequacy in those systems could lead to losses being incurred by the Issuer, increases in financing costs and/or reductions in the value of the Issuer's assets, as well as damage to the Issuer's reputation, and could have material adverse impact on Issuer's business, financial condition and results of operations, as well as its ability to meet its payment obligations under the Notes.

#### ***Risk relating to any breaches of the organisation and management model***

Legislative Decree No. 231/2001 ("**Decree 231/2001**") imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health and safety and environmental hazards. The perpetration of these offences by and/or in the interests of the Issuer could lead to a suspension or revocation of concessions currently held by the Issuer, a ban from participating in future tenders and/or an imposition of fines and other penalties, all of which could adversely affect the business, financial condition and results of operations of the Issuer.

In order to reduce the risk of liability arising under Decree 231/2001, the Issuer has adopted an organisation, management and supervision model (the "**Model**") to ensure the fairness and transparency of its business operations and corporate activities and provide guidelines to its management and employees to prevent them from committing offences. The Issuer has also appointed a supervisory body to oversee the functioning and updating of, and compliance with, the Model.

Notwithstanding the adoption of these measures, the Issuer could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority's opinion, the Model is not adequate or effective. This could lead to a suspension or limitation of the Issuer's operating activities and/or an imposition of fines and other penalties, all of which could have a material adverse effect on Issuer's business, financial condition and results of operations, as well as its ability to meet the payment obligations under the Notes.

#### ***Risks relating to management control systems***

The Issuer has a periodic reporting system in place which produces the reports the management team requires to carry out its activities and take strategic and operational decisions. The Issuer believes that this reporting system is currently adequate to allow its management team to make informed assessments of its financial position and prospects. Nonetheless, the Issuer intends to continue improving the reporting system in order to achieve better integration and automation of the reports produced by it, reduce the risk of error and increase the speed of the flow of information.

If the Issuer fails to implement the reporting system successfully, it may face the risk of data entry errors, which could mean that its management team is not properly informed of any issues which require prompt intervention, adversely affecting the Issuer's business, financial condition and results of operations, as well as its ability to meet the payment obligations under the Notes.

#### ***Risks relating to environmental and safety accidents and/ or offences***

Risks of environmental and health and safety accidents and liabilities are inherent in many of the Group's operations. Although the Group has adopted operational policies and standards to ensure the safety of its operations, there is a risk that accidents such as blowouts, spillover, contamination and similar events may occur, resulting in damage or harm to the environment, employees and/or local communities.

The Group has made provision for existing environmental and safety expenses and liabilities. However, the Group may incur additional significant expenses and liabilities due to (i) unforeseen contamination, (ii) the results of ongoing surveys or future surveys on the contamination of certain of the Group's industrial sites as required under applicable regulations and (iii) the possibility that legal proceedings may be commenced against the Group in relation to such matters. Any increase in costs could adversely affect the Issuer's business, financial condition and results of operations, as well as its ability to meet the payment obligations under the Notes.

### ***Risks relating to conditions in the global financial markets and the economy in general***

The financial crisis that initially came to light in 2007 has resulted in decreased liquidity and volatility in global financial markets, and continues to affect the functioning of financial markets and the global economy. The Italian Government and Central Bank and the European Union have implemented, and continue to implement a number of measures to address the financial crisis, although the situation in the banking system is still not completely secure in some Eurozone countries such as Greece, Spain, Portugal, Cyprus and Italy itself. At the moment it is still difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will last and whether or to what extent the Issuer's business, financial condition and results of operations may be adversely affected. More recently, the outcome of the referendum in the United Kingdom and the ongoing negotiations of its exit from the European Union could exacerbate financial market volatility. Finally, in Italy, there have been concerns over the stability of its banking system. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet its financial requirements may be hindered and its costs of financing may significantly increase, having an adverse impact on its business, financial condition and results of operations, as well as its ability to meet the payment obligations under the Notes.

### **Risks relating to the Notes**

#### ***The Notes are complex financial instruments and may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of any investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting

effects on the value of the Notes and the impact that the investment will have on the potential investor's overall investment portfolio.

***The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates***

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls whereas, if the Market Interest Rate falls, its price typically increases, in each case until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

***The Notes do not impose limitations on the Issuer's indebtedness***

The Notes contain only limited investor protection provisions in comparison to what might normally be expected from senior unrated bonds listed on the Eurobond market or other international financial markets or in loan facilities granted by banks and other financial institutions. In particular, the Conditions do not contain any covenants imposing limitations on the amount of indebtedness that the Issuer may incur or requiring indebtedness to be maintained at certain levels. Similarly, the Notes are unsecured and, save as provided in Article 13.1 (*Negative Pledge*), the Conditions contain no provisions restricting the giving of security by the Issuer in favour of other creditors over present and future indebtedness. Where security has been granted over assets of the Issuer to secure other indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and the other unsecured indebtedness of the Issuer.

***The Issuer may not have sufficient funds at the time of occurrence of a Change of Control to redeem outstanding Notes***

Upon the occurrence of certain events relating to the Issuer, as set out in Article 8 (*Redemption at the Option of Noteholders upon a Change of Control*) of the Terms and Conditions of the Notes, the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption or repurchase of Notes. In addition, except as specifically set out in Article 8 (*Redemption at the Option of Noteholders upon a Change of Control*), the Notes do not contain provisions that provide a right to Noteholders to require the Issuer to purchase or redeem the Notes in any other circumstances.

***No physical document of title issued in respect of the Notes***

The Notes will be in dematerialised form and evidenced at any time through book entries pursuant to the relevant provisions of the TUF and in accordance with the CONSOB and Bank of Italy Regulation. In no circumstance will physical documents of title be issued in respect of the Notes. While the Notes are represented by book entries, investors will be able to trade their beneficial interests only through Monte Titoli and the authorised financial intermediaries holding accounts on behalf of their customers with Monte Titoli. As the Notes are held in dematerialised form with Monte Titoli, investors will have to rely on the procedures of Monte Titoli and the financial intermediaries authorised to hold accounts with Monte Titoli for the transfer of Notes, payments under the Notes and any communication with the Issuer.

### ***Change of law or administrative practice***

The Conditions are based on Italian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Italian law or administrative practice after the date of this Prospectus. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

### ***Decisions at Noteholders' meetings bind all Noteholders***

Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

### ***Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances***

The calling of meetings of Noteholders, including quorums and voting majorities, are regulated by the relevant provisions of the Italian Civil Code, the TUF and, where applicable Italian law so requires, the Issuer's By-laws (*statuto*). Those provisions may change during the life of the Notes. In addition, as at the date of this Prospectus, the Issuer is an unlisted company but, if its shares were listed on a securities market while the Notes are still outstanding, then the provisions of Italian law that apply to Noteholders' meetings would be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions applicable to Noteholders' meetings will not change at any future date during the life of the Notes.

### ***Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax***

All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996. See Article 12 (*Taxation*) of the Terms and Conditions of the Notes.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. See also the section of this Prospectus entitled "*Taxation*".

### ***FATCA may affect payments made in respect of the Notes***

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to apply a withholding or a deduction on payments at a rate of 30 per cent. pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by

another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service).

The United States has entered into a Model 1 intergovernmental agreement regarding the implementation of FATCA with Italy (the “**IGA**”). The IGA between Italy and the United States has been ratified in Italy by Law n. 95 of 18 June 2015 entered into force on 8 July 2015, which has been implemented by specific regulations issued by the Italian Ministry of Economy and Finance.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks.

#### ***There is no active trading market for the Notes and one cannot be assured***

Application has been made for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its regulated market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, which will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes or to do so at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Issuer's annual and any interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Issuer.

#### ***Delisting of the Notes***

Application has been made for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its regulated market. The Notes may subsequently be delisted despite the efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

#### ***Transfers of the Notes may be restricted***

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see “*Subscription and Sale*”.



***The Notes are not rated and credit ratings may not reflect all risks***

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

- (i) the audited annual financial statements of the Issuer as at and for the year ended 31 December 2016; and
- (ii) the audited annual financial statements of the Issuer (then known as Trenta S.p.A.) as at and for the year ended 31 December 2015,

in each case together with the accompanying notes and external auditors' reports.

### Access to documents

The above documents have been previously filed with the Central Bank of Ireland and the Irish Stock Exchange and can be accessed at the following addresses on the Issuer's website:

- annual financial statements of the Issuer as at and for the year ended 31 December 2016:

[https://www.dolomitienergia.it/wr-resource/ent3/1/Bilancio\\_Dolomiti\\_Energia\\_2016\\_en.pdf](https://www.dolomitienergia.it/wr-resource/ent3/1/Bilancio_Dolomiti_Energia_2016_en.pdf)

- annual financial statements of the Issuer as at and for the year ended 31 December 2015:

[https://www.dolomitienergia.it/wr-resource/ent3/1/Bilancio\\_Trenta\\_2015\\_en.pdf](https://www.dolomitienergia.it/wr-resource/ent3/1/Bilancio_Trenta_2015_en.pdf)

### Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. Information contained in the documents referred to above that is not included in the cross-reference list below is either not relevant for an investor or covered elsewhere in this Prospectus.

#### Annual financial statements

<b>Section</b>	<b>Page number(s)</b>	
	<b>2016</b>	<b>2015</b>
Balance sheet	21 – 22	28 – 29
Income statement	23	30
Cash flow statement	24	N/A
Notes to the financial statements	26 – 73	33 – 67
Independent Auditor's report	77 – 78	70 – 71

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes (the “**Conditions**”) relating to the Notes.

In these Conditions, references to the “**Noteholders**” are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli pursuant to the relevant provisions referred to in Article 1 below. No physical document of title will be issued in respect of Notes.

### DOLOMITI ENERGIA SOCIETÀ PER AZIONI

Registered office: Via Fersina, 23, Trento, Italy

Share Capital fully paid-in: €20,200,000.00

Reserves: €66,840,648.00

Tax Code, VAT Number and Register Number in the Companies’ Register of Trento: 01812630224

LEI Code: 8156003BCD15F6224507

Corporate purpose: the Issuer’s corporate purpose is the organisation of technical, economic, financial and human resources for:

- the purchase and sale of electricity, gas, water, heat, cooling fluids and fuel and energy products in general;
- the purchase and sale of services related to the integrated water service and the public lighting service;
- providing assistance and advice on energy, water and waste services to anyone who so requests;
- the operation of services connected with the waste collection and disposal cycle;
- the marketing, sale, installation and maintenance of equipment and systems for the use of the services provided by the Issuer and the consultancy, marketing and sale of district heating, air-conditioning, cooling, safety, monitoring and other systems relating to the operation of homes, offices and buildings of any nature;
- providing all ancillary, instrumental, connected and consequent activities that are necessary or useful for achieving the purposes of the Issuer, including the marketing of insurance services;
- providing on behalf of, under contract or in any other form, the aforesaid activities, including ancillary, instrumental, connected and consequent activities;
- acting as agent and representative for the sale of products and services in general. The Issuer pursues its corporate purpose either directly or through controlled and/or related companies; therefore, it is an integral part of the corporate purpose of the Issuer to hold shareholdings, including majority shareholdings, in other companies, within the limits and in compliance with the relevant regulations. The Issuer may produce, transform and trade the items related to its corporate purpose, including packaged water for human consumption. In areas of its interest, the Issuer promotes and implements organisational models for the management of the various stages of the industrial processes described above.

In order to achieve its corporate purpose and to contribute to the socio-economic development of communities located in the territory, the Issuer may:

- carry out all industrial, commercial and financial transactions, in securities or real estate, in any case connected to it and/or deemed useful;

- issue guarantees and providing collateral, take loans and finance leases, purchase, sell and use industrial property rights, patents and inventions, holding in any form shareholdings and interests in other companies and in related or similar companies and businesses, whether constituted or to be constituted;
- conclude partnership agreements with universities and research institutions, and in general carry out any activity necessary or useful for the accomplishment of the corporate purpose of the Issuer;
- participate in tenders, also in partnership with other parties, join temporary business associations;
- operate in the transport and road haulage sector on behalf of third parties, either directly or by entrusting this activity to companies enrolled in the register of carriers; and
- promote and manage staff training centres in the areas covered by the corporate purpose of the Issuer. With regard to any design activity, the Issuer may operate within the limits of the current regulations.

\* \* \*

## TERMS AND CONDITIONS OF THE NOTES

**“€5,000,000 1.05 per cent. Fixed Rate Notes due 2022”**

**ISIN CODE IT0005325136**

The above notes are regulated by the following terms and conditions (“**Conditions**”) and, where not expressly stated herein, by Article 2410 *et seq.* of the Italian Civil Code providing for rules applicable to notes issued by joint stock companies.

### 1. DEFINITIONS

Unless otherwise defined in these Conditions or if the context requires otherwise, words and expressions used in these Conditions have the following meaning:

“**Assets**” means, with reference to any date, the total assets of the Issuer, as indicated in the latest financial statements of the Issuer;

“**Bankruptcy Law**” means Italian Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented;

“**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in Milan and the Trans-European Automated Real Time Gross Settlement Express Transfer System (or any successor thereto) is open;

“**Calculation Agent**” means the calculation agent appointed from time to time in relation to the Notes, being, as at the Issue Date, the Issuer, Dolomiti Energia S.p.A.;

“**Change of Control**” means Dolomiti Energia Holding S.p.A. ceases to control, directly or indirectly, the Issuer pursuant to Article 2359, first paragraph, numbers 1 and 2, of the Italian Civil Code;

“**Change of Control Notice**” means a notice from the Issuer to Noteholders on the occurrence of a Change of Control and indicating the start and end dates of the relevant Change of Control Notice Period;

“**Change of Control Notice Period**” means, in respect of any Change of Control, a period of 15

(fifteen) Business Days following the date on which the relevant Change of Control Notice is given to the Noteholders;

**"Indebtedness"** means any financial indebtedness, whether not yet due and payable, in respect of (i) any money borrowed in whatever form (including, *inter alia*, the issue of bonds, "notes", "commercial paper", debt securities and financial instruments, even if not issued in series, which provide the obligation of reimbursement and/ or delivery of goods by the Issuer having the commercial effect of borrowing at a certain maturity, or similar debt instruments) including the payment of interest and commissions related to financial transactions, with the exception of non-recourse assignments of credit (*cessione di credito pro-soluto*) and (ii) any liability arising out of any indemnity or personal guarantees assumed in relation to signing commitments (*impegni di firma*) issued by third parties or obligations of third parties, including any indemnity, letter of credit and/or personal guarantee (other than commercial commitments entered into under the ordinary business activities and the so-called performance bonds);

**"Insolvency Proceedings"** means any bankruptcy or similar proceeding applicable to any company or other organization or enterprise under the relevant laws of incorporation or operation, and in particular, as for Italian law, under the Bankruptcy Law: *fallimento, concordato preventivo, amministrazione straordinaria, liquidazione coatta amministrativa, and amministrazione straordinaria delle grandi imprese in stato di insolvenza*;

**"Interest Period"** means the period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or, in respect of the first Interest Period only, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date;

**"Italian Civil Code"** means Italian Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented;

**"Monte Titoli"** means Monte Titoli S.p.A., with registered office at Piazza degli Affari 6, 20123 Milan;

**"Monte Titoli Account Holders"** means any authorised financial intermediary entitled to hold accounts on behalf of its customers with Monte Titoli and includes any clearing system (including without limitation Euroclear Bank SA/NV, and Clearstream Banking, société anonyme) which holds an account with Monte Titoli;

**"Paying Agent"** means the paying agent appointed from time to time in relation to the Notes, being, as at the Issue Date, UniCredit S.p.A.;

**"Permitted Reorganisation"** means any reorganisation, amalgamation, merger, demerger, transformation, consolidation, contribution in kind, sale or transfer of company/business unit, or restructuring or other similar transaction, in each case whilst solvent whereby, in any one transaction or series of transactions, all or substantially all of the Issuer's assets and undertaking are transferred, sold, contributed, assigned or otherwise vested in a body corporate that is in good standing, validly organised and existing under the laws of the Republic of Italy, and such body corporate (A) assumes as principal debtor in respect of the Notes and (B) continues substantially to carry on the business of the Issuer as conducted as the date of such reorganisation;

**"Permitted Security"** means any Security:

- (i) existing as at the Issue Date;
- (ii) on assets acquired by the Issuer after the Issue Date, where such Security already exists at the time that the assets are acquired by the Issuer provided that (a) such Security was not created in connection with or in contemplation of those assets being acquired by the Issuer, and (b) the aggregate principal amount of Indebtedness secured by such Security is not increased in connection with or as a consequence of those assets being acquired by the Issuer;

- (iii) created in substitution for any existing Security permitted under paragraphs (i) and (ii) above, provided that the principal amount secured by the Security created in substitution for the existing Security does not at any time exceed the principal amount secured by the existing Security;
- (iv) arising by operation of law and in the ordinary course of business of the Issuer and not as a result of any default or omission by the Issuer;
- (v) arising under any normal title retention arrangements included in a supplier's standard conditions of supply of goods acquired by the Issuer in the ordinary course of trade;
- (vi) arising under any netting or set-off arrangement entered into by the Issuer in the ordinary course of its arrangements for the purpose of netting debit and credit balances;
- (vii) securing Indebtedness of the Issuer vis-à-vis one or more entities of the UniCredit Group in the context of financing transaction whereby the Issuer is the sole borrower and one or more entities of the UniCredit Group are the sole lenders; and
- (viii) not otherwise permitted pursuant to the preceding paragraphs securing Indebtedness in an aggregate principal amount outstanding not exceeding Euro 5,000,000.00 at any time;

**"Professional Investors"** means qualified investors as defined pursuant to Article 100 of the TUF, as implemented by Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) and by Article 35, first paragraph, letter d) of CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time);

**"Redemption Notice"** means a notice from a Noteholder to the Issuer stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Article 8 (Redemption at the option of Noteholders upon a Change of Control) below;

**"Reserved Matter"** means any proposal relating to the matters provided under Article 2415, paragraph 1, item 2), of the Italian Civil Code;

**"Revenues"** means, with reference to any date, the total of the "*revenues from sales and services*" of the Issuer, as indicated in the latest financial statements of the Issuer;

**"RON"** means the representative of the Noteholders pursuant to Article 2417 of the Italian Civil Code, to be appointed pursuant to Condition 16.4 (*ROM*) below;

**"Outstanding Principal Amount"** means, from time to time, the principal amount outstanding of the Notes being, as at the Issue Date, equal to Euro 5,000,000.00 (five million); and

**"Security"** means a mortgage, charge, pledge, lien or other form of security interest securing any obligation of any person or any other agreement or arrangement having a similar effect under the laws of any applicable jurisdiction.

## **2. AGGREGATE PRINCIPAL AMOUNT OF ISSUE, DENOMINATION, FORM AND TRANSFERS OF THE NOTES**

### **2.1 Aggregate principal amount of issue**

The notes of an aggregate principal amount of Euro 5,000,000.00 (five million) known as "*€5,000,000 1.05 per cent. Fixed Rate Notes due 2022*" (the "**Notes**") are issued under a resolution of the Board of Directors of Dolomiti Energia S.p.A. (the "**Issuer**") on 12 February 2018, pursuant to Article 2410 *et seq.* of the Italian Civil Code, as registered at the Companies' Register of Trento on 14 February 2018.

## 2.2 Denomination, form and transfers of the Notes

The Notes consist of 10 (ten) notes in bearer form, each in denominations of Euro 500,000.00 (five hundred thousand).

The Notes are issued by the Issuer in bearer form (*al portatore*) in dematerialised form (*forma dematerializzata*) in accordance with the provisions of Article 83-*bis et seq.* of Italian Legislative Decree No. 58 of 24 February 1998 as amended (the “**TUF**”) and the Regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as amended and supplemented from time to time.

The Notes will be held in, accounted for, evidenced by, and title thereto will be transferable by way of, book entry with the central securities depository and management system managed by Monte Titoli on behalf of the holders of the Notes (the “**Noteholders**”), until redemption or cancellation thereof, for the account of the relevant Monte Titoli Account Holder. No physical documents of title will be issued in respect of the Notes. However, the Noteholders have the right to obtain certifications (*certificazioni*) pursuant to Article 83-*quinquies* and Article 83-*novies*, 1(b) of the TUF.

The Notes are reserved for Professional Investors subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph, of the Italian Civil Code.

## 3. STATUS OF THE NOTES

The Notes constitute direct, general, unconditional and, subject to the provisions of Condition 13.1 (*Negative pledge*) below, unsecured obligations of the Issuer. The Notes shall at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## 4. ISSUE DATE AND ISSUE PRICE

The Notes are issued on 27 February 2018 (the “**Issue Date**”).

The issue price for each Note is equal to 100 per cent. of the principal amount of each Note, *i.e.* Euro 500,000.00 (five hundred thousand) for each Note.

## 5. MATURITY

The scheduled maturity date for the Notes is 10 August 2022 (the “**Maturity Date**”).

## 6. INTEREST

### 6.1 Rate of Interest and Interest Payment Date

The Notes bear interest on their Outstanding Principal Amount at a fixed rate of interest of 1.05 per cent. per annum (the “**Rate of Interest**”) from (and including) the Issue Date to (but excluding) the Maturity Date of the Notes.

Interests are payable every six months in arrears, on 10 February and 10 August each year (each, an “**Interest Payment Date**”). It remains understood that the first Interest Period will be the period from (and including) the Issue Date to (but excluding) 10 August 2018.

### 6.2 Interest Amount

The amount of interest in respect of each Interest Period (the “**Interest Amount**”) shall be calculated by the Calculation Agent on an Actual/360 unadjusted basis and, accordingly, the Interest Amount shall be the amount resulting from applying the relevant Rate of Interest to the aggregate outstanding

principal amount of the Notes, multiplied by the actual number of days in the Interest Period, all divided by the number of days in the year, rounded to the nearest cent. (with 0.001 Euro being rounded up to the nearest cent). If the due date for any payment of interest does not fall on a Business Day, the Interest Payment Date will be deferred to the first immediately following Business Day, and such deferral shall not be taken into account for the purposes of calculating the actual number of days in the Interest Period, it being understood that such deferral will not entitle the Noteholders to any additional payments and will not give rise to the deferral of subsequent Interest Payment Dates (Modified Following Business Day Convention – Unadjusted).

The Notes will cease to bear interest on the Maturity Date.

If, on an Interest Payment Date or on the Maturity Date, the Issuer fails to pay the amounts due in accordance with these Conditions, the Notes, pursuant to Article 1224 of the Italian civil Code, shall continue to accrue default interest, limited to the non-reimbursed portion, at a rate equal to the Rate of Interest plus 200 bps.

The amounts of interest coupons do not bear interest.

### **6.3 Determinations Binding**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*) by the Calculation Agent shall (in the absence of wilful misconduct, bad faith, manifest error or gross negligence) be binding on the Issuer (if different from the Calculation Agent), the Paying Agent and the Noteholders and, in the absence of the aforesaid, no liability to the Issuer (if different from the Calculation Agent), the Paying Agent or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## **7. REDEMPTION**

The Notes shall be redeemed *pari passu* under the following terms:

- 25% of the total principal amount of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each Noteholder, on 10 August 2019 (the "**First Partial Redemption**");
- 25% of the total principal amount of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each Noteholder, on 10 August 2020 (the "**Second Partial Redemption**");
- 25% of the total principal amount of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each Noteholder, on 10 August 2021 (the "**Third Partial Redemption**");
- the outstanding principal amount of the Notes (equal to 25% of the total principal amount of the Notes issued by the Issuer) shall be redeemed *pari passu*, in proportion to the number of Notes held by each Noteholder, on the Maturity Date.

If the dates of the First Partial Redemption, Second Partial Redemption, Third Partial Redemption or the Maturity Date of the Notes fall on a day which is not a Business Day, those dates will be deferred to the first immediately following Business Day, and such deferral will not entitle the Noteholders to any additional payments.

Without prejudice to Conditions 8 (*Redemption at the option of Noteholders upon a Change of Control*) and 13 (*Events of Default*) below, the Noteholders are not entitled to request early redemption of the



Notes.

## **8. REDEMPTION AT THE OPTION OF NOTEHOLDERS UPON A CHANGE OF CONTROL**

In the event of a Change of Control, each Noteholder may, during the Change of Control Notice Period, serve a Redemption Notice to the Issuer, in accordance with Condition 15 (*Notices*) below.

The Issuer will redeem in whole or in part the Notes that are the subject of such Redemption Notice at their Outstanding Principal Amount together with any Interest Amount accrued and outstanding until (but excluding) the date of redemption.

Promptly and in any event within 10 (ten) Business Days from occurrence of a Change of Control, a Change of Control Notice shall be given by the Issuer to Noteholders in accordance with Condition 15 (*Notices*) below.

## **9. PAYMENTS**

All payments in respect of the Notes will be made by the Paying Agent, on behalf of the Issuer, in accordance with the instructions of Monte Titoli to the accounts of those Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through the clearing systems to the accounts with the clearing systems of the beneficial owners of those Notes, all in accordance with the rules and procedures of Monte Titoli and of the relevant clearing systems, as the case may be.

Payments of amounts due on the Notes shall be made in Euro.

Payments to Monte Titoli or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer of its liabilities under the Notes.

## **10. PRESCRIPTION AND TIME LIMITS**

The rights of Noteholders become void, with regard to interest, after 5 (five) years from the date on which such interest became due and payable and, with regard to principal, after 10 (ten) years from the date on which the Notes became redeemable.

## **11. AGENTS**

The initial Paying Agent and the relevant specified office is: UniCredit S.p.A. a bank incorporated under the laws of Italy as a joint stock company, having its registered office at Piazza Gae Aulenti 3, 20154 Milan, Italy, enrolled in the register of banks held by the Bank of Italy under number 02008.01 pursuant to article 64 of the legislative decree No. 385 dated 1 September 1993, as subsequently amended. The Paying Agent reserves the right at any time to change its specified office.

The Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency to any Noteholder.

### **11.1 Variation or Termination of Appointment**

The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent or the Calculation Agent and to appoint another Paying Agent or another Calculation Agent.

The Issuer shall notify the Noteholders and the RON (if appointed) in accordance with Condition 15 (*Notices*) of any variation, termination, appointment or any other change to the Paying Agent and the Calculation Agent as soon as possible upon the effectiveness of such change.

## 12. TAXATION

### 12.1 Gross-up

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

- (i) by or on behalf of a holder which does not qualify as Professional Investor; or
- (ii) by or on behalf of a holder which is resident in a country or in a territory that does not allow an adequate exchange of information with the Italian tax authorities; or
- (iii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Italy other than the mere holding of the Note; or
- (iv) in relation to any payment or deduction of any interest, principal or other proceeds of any Note on account of *imposta sostitutiva*, pursuant to Legislative Decree No. 239/1996; or
- (v) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (a) presenting the relevant Note to another available Paying Agent in a Member State of the European Union or (b) making a declaration of non-residence or other similar claim for an exemption; or
- (vi) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Legislative Decree No. 239/1996 have not been complied with; or
- (vii) more than 30 days after the Interest Payment Date, the First Partial Redemption, the Second Partial Redemption, the Third Partial Redemption or the Maturity Date as the case may be.

For the avoidance of doubt, the Issuer will have any obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service).

## 13. COVENANTS OF THE ISSUER

### 13.1 Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, unless a written consent is provided by the Noteholders or the RON, as the case may be, create or permit to subsist any Security (other than a Permitted Security) upon the whole or any part of its present or future undertaking, assets or revenues to secure (i) any Indebtedness or (ii) any guarantee and/or indemnity in relation to any Indebtedness, without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by the Noteholders.

### 13.2 Information covenants

So long as any Note remains outstanding, the Issuer will:

- (i) make available to the Noteholders pursuant to the following Condition 15 (*Notices*), within 10 (ten) Business Days following the relevant approval date (and in any case no later than 180 (one hundred and eighty) days from closing of the financial year) the annual financial statements of the Issuer (a) prepared clearly and in a way that provides a true and fair representation of the financial position and economic result for the year, in accordance with the applicable accounting standards; and (b) certified by a leading audit firm registered in the Register of Statutory Auditors established with the Ministry of Economy and Finance;
- (ii) communicate to the Noteholders pursuant to the following Condition 15 (*Notices*) the occurrence of any Event of Default as soon as reasonably practicable upon becoming aware of the occurrence thereof. In the communication the Issuer must also communicate the nature of the event, the circumstances from which the event is derived and any actions undertaken to remedy it and refer to the rights of the Noteholders according to the following Condition 14 (*Events of Default*);
- (iii) provide the Noteholders on June 30th in each year, with a declaration duly signed by its legal representatives, attesting (x) compliance with all the commitments referred to in this Condition 13 (*Covenants of the Issuer*); (y) that no Event of Default has occurred or, if and Event of Default is occurring, describing the Event of Default and any actions undertaken by the Issuer to remedy it.

### 13.3 Additional covenants

So long as any Note remains outstanding, the Issuer will:

- (i) not reduce the share capital, except for any mandatory reduction cases envisaged by the law and, in the event of a reduction of the share capital due to losses, ensure that, no later than 30 (thirty) Business Days from the relevant resolution, such share capital is restored to an amount at least equal to the one existing at the Issue Date;
- (ii) not deliberate and/or carry out extraordinary transactions such as, by way of example but not limited to, mergers, demergers, transformations, sales or transfers of company / business unit with the exception of the Permitted Reorganisation;
- (iii) postpone the repayment of loans granted, in any form, by the shareholders in favor of the Issuer (excluding the ordinary cash pooling flows between the Issuer and Dolomiti Energia Holding S.p.A.) with respect to the satisfaction of the Noteholders;
- (iv) not make any changes to the Issuer's By-laws that could be prejudicial to the rights and interests of the Noteholders;
- (v) neither establish, without the prior consent of the Noteholders, any segregated assets (*patrimoni separati*) pursuant to art. 2447-bis of the Italian Civil Code, nor request any loans dedicated to a specific business (*destinati ad uno specifico affare*) pursuant to art. 2447-decies of the Italian Civil Code;
- (vi) use all reasonable endeavours to maintain a listing of the Notes on the regulated market of the Irish Stock Exchange or another regulated market on a stock exchange in the European Economic Area provided, however, that, if it is impracticable or unduly burdensome to maintain such admission, the Issuer shall use all reasonable endeavours to procure and maintain admission to trading of the Notes on a major securities market which is either a regulated market or a multilateral trading platform for the purposes of the Directive

2014/65/EU (so-called MiFID II) situated or operating in the European Economic Area.

#### 14. EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, the Noteholders, following a resolution approved by the Noteholders Meeting pursuant to Condition 15 (*Noteholders’ Meetings and RON*) below, may give notice to the Issuer that the Notes are due and payable at 100 per cent. of their Outstanding Principal Amount as at such date together (if applicable) with any interest accrued and outstanding at such date:

- a) **Payment Default:** any failure of the Issuer to pay any principal or interest amount payable on the Notes, unless such failure is due to an administrative or technical error which is not due to wilful misconduct (*dolo*) or gross negligence (*colpa grave*) of the Issuer or the relevant payment is made within 10 (ten) Business Days in the case of interest and 15 (fifteen) Business Days in the case of principal;
- b) **Cross-default:** if (i) any Indebtedness of the Issuer is declared (or is capable of being declared) to be due and repayable prior to its stated maturity by reason of any actual event of default (however described); or (ii) the Issuer fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or (iii) any Security given by the Issuer for any Indebtedness is (or becomes capable of being) enforced; provided that the aggregate amount of any Indebtedness, in respect of which one or more of the events mentioned in this paragraph have occurred individually or in the aggregate equals or exceeds Euro 3.000.000 (or its equivalent in any other currency);
- c) **Insolvency Proceedings:** the Issuer is subject to any Insolvency Proceedings, or analogous insolvency or pre-insolvency proceedings or procedures have been commenced in relation to the Issuer; provided that the above shall not apply to any proceeding which is discharged, stayed or dismissed within 30 (thirty) Business Days from its commencement;
- d) **Enforcement proceedings:** if a distress, attachment, execution or other legal process is levied or enforced on or against all or a substantial part of the property, assets or revenues of the Issuer or and is not discharged or stayed within 90 (ninety) Business Days;
- e) **Winding up, etc.:** if an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer other than for the purpose of a Permitted Reorganisation;
- f) **Unsatisfied judgment:** if one or more judgment(s) or court order(s) for the payment of any amount in excess of Euro 10.000.000,00 (or its equivalent in other currencies), whether individually or in aggregate, is rendered against the Issuer, continue(s) unsatisfied and unstayed for a period of 30 Business Days after the date(s) thereof;
- g) **Modification or cessation of business:** if the Issuer modifies, ceases or announces that it shall cease to carry on all or a substantial part of its business, otherwise than for the purposes of a Permitted Reorganisation;
- h) **Breach of Covenant:** the Issuer fails to comply with any of the covenants under Condition 13 (*Covenants by the Issuer*) above and such failure continues for 30 (thirty) Business Days after service by any Noteholder or the RON, as the case may be on the Issuer of written notice thereof;
- i) **Unlawfulness and invalidity:**
  - (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of

its obligations under the Notes or the Conditions; or

- (ii) any obligation or obligations of the Issuer under the Notes or the Conditions are not or cease to be legal, valid, binding or enforceable.

For the purposes of this Condition 14 (*Events of Default*), "substantial part" means an Event of Default that results in a reduction in Assets or Revenues of the Issuer for an amount higher than 40%.

## **15. NOTICES**

### **15.1 Notification to Clearing System**

Save for the provisions of Condition 16 (*Noteholders' Meetings and RON*) below, and without prejudice to any other mandatory provisions of Italian law from time to time in force (including, without limitation, the TUF and the relevant implementing regulations), any notice regarding the Notes and/or to be given by the Issuer to the Noteholders, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given, by or on behalf and at the instructions of the Issuer, through the systems of Monte Titoli.

### **15.2 Notification in case of listing**

In case the Notes are admitted to listing, trading or quotation by any listing authority, stock exchange, or multilateral trading facility, notices will also be published by the Issuer in accordance with the rules and regulations of such listing authority, stock exchange or multilateral trading facility.

Any such notice shall be deemed to have been given on the date of such publication.

### **15.3 Form of notice to be given by any Noteholder**

Unless stipulated differently in these Conditions, notices regarding the Notes which are to be given by any Noteholder to the Issuer shall be validly given if delivered in writing in the English language to the Issuer by hand or by registered post at: Dolomiti Energia S.p.A., Via Fersina, 23, 38123 Trento and sent in advance at the following certified e-mail address of the Issuer: *info.commerciale@cert.dolomitienergia.it* or at any other e-mail address communicated to the Noteholders with no less than 5 days' prior notice by the Issuer in accordance with this Condition 15 (*Notices*).

## **16. NOTEHOLDERS' MEETINGS AND RON**

All meetings of the Noteholders will be convened and held in accordance with the applicable provisions of Italian law (including without limitation, the TUF and the relevant implementing regulations thereof) and the Issuer's By-laws, each as in force from time to time and including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

### **16.1 Noteholders' Meetings**

In accordance with Article 2415 of the Italian Civil Code, the Noteholders' general meeting (the "**Noteholders' Meeting**") has the power to resolve upon the following:

- (a) the appointment and revocation of the Noteholders' Representative;
- (b) any amendment to these Conditions;
- (c) motions by the Issuer for the composition with creditors (*amministrazione controllata e concordato*);
- (d) establishment of a fund for the expenses necessary for the protection of the common interest of

the Noteholders and the related statements of account (*rendiconto*); and

- (e) any other matters of common interest to the Noteholders.

### **16.2 Calling of Noteholders' Meeting**

A Noteholders' Meeting may be convened by the board of directors of the Issuer or the RON, at their discretion, and shall be convened, in any event, upon a written request by Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code.

If the meeting has not been convened following such request of the Noteholders, the same may be convened by a decision of the competent court in accordance with the provisions of Article 2367, paragraph 2, of the Italian Civil Code.

Every Noteholders' Meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's By-laws.

### **16.3 Majorities**

A Noteholders' Meeting will be validly convened if:

- (a) in the case of the initial meeting (*prima convocazione*), there are one or more persons present holding or representing at least two-thirds of the aggregate Outstanding Principal Amount of the Notes at that time; or
- (b) in the case of a second meeting (*seconda convocazione*) or of any subsequent meeting (*convocazioni successive*) convened following adjournment for want of quorum, there are one or more persons present holding or representing more than one-third of the aggregate Outstanding Principal Amount of the Notes at that time,

*provided that* the Issuer's By-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher quorums.

Notwithstanding the above and the provisions of Article 2415, third paragraph, of the Italian Civil Code, any Noteholders' Meeting may also be considered to be validly held in the absence of any notice of call if there are one or more persons present being or representing Noteholders holding one-hundred percent (100%) of the Outstanding Principal Amount of the Notes at that time, the sole director of the Issuer or the majority of the directors of the Issuer and the majority of its standing statutory auditors.

The majority required to pass a resolution at any Noteholders' Meeting (including any adjourned meeting) convened to vote on any resolution will be:

- (A) in the case of the initial meeting (*prima convocazione*), one or more persons holding or representing at least two-thirds of the aggregate Outstanding Principal Amount of the Notes at that time;
- (B) in the case of a second meeting (*seconda convocazione*) or of any subsequent meeting (*convocazioni successive*) convened following adjournment for want of quorum:
  - (1) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate Outstanding Principal Amount of the Notes at that time represented at the relevant meeting; or
  - (2) for voting on a Reserved Matter, the higher of:
    - (i) one or more persons holding or representing at least one-half of the aggregate Outstanding Principal Amount of the Notes at that time; and

- (ii) one or more persons holding or representing at least two-thirds of the aggregate Outstanding Principal Amount of the Notes at that time represented at the relevant meeting,

*provided that* the Issuer's By-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher majorities.

Officers and statutory auditors of the Issuer shall be entitled to attend the Noteholders' Meetings but not participate or vote with reference to the Notes held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and irrespective of how their vote was cast.

#### **16.4 RON**

A RON, subject to applicable provisions of Italian law, shall be appointed pursuant to Article 2417 of the Italian Civil Code in order to, *inter alia*, represent the Noteholders' interests under these Conditions and to give effect to the resolutions passed at a Noteholders' Meeting.

If the RON is not appointed by a meeting of such Noteholders, the RON may be appointed by a decree of court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer.

The Noteholders' Representative shall remain appointed for a maximum period of 3 (three) financial years, but may be reappointed again thereafter.

### **17. MODIFICATION**

These Conditions may be amended without the consent of the Noteholders to (i) correct a manifest error, (ii) make a modification of a formal, minor or technical nature, (iii) comply with any applicable law or regulatory provision that enters into force at any time while the Notes remain outstanding, or (iv) make an amendment which is in any case not materially prejudicial to the interests of the Noteholders (including without limitation an amendment which is required to reflect any amendment to the Issuer's By-laws).

The Issuer will promptly inform the Noteholders about the amendments to these Conditions according to this Condition 17 (*Modification*) in accordance Condition 15 (*Notices*).

### **18. CIRCULATION REGIME**

The Notes are reserved for Professional Investors subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph, of the Italian Civil Code.

The Notes may not be offered, sold or delivered nor may copies of the any documents relating to the Notes be distributed in the Republic of Italy, except to Professional Investors subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph, of the Italian Civil Code.

Any such offer, sale or delivery of the Notes or distribution of copies of any document relating to the Notes in the Republic of Italy must be made in compliance with the selling restrictions under the paragraph above and must be:

- (1) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the TUF, the CONSOB implementing regulations and Legislative Decree No. 385 of 1 September 1993 (the "**TUB**"), in each case as amended from time to time;
- (2) in compliance with Article 129 of the TUB and the implementing guidelines of the Bank of Italy

issued on 25 August 2015 and amended on 10 August 2016, as further amended from time to time; and

- (3) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as subsequently amended or supplemented, or any other applicable securities law in force in Canada, Australia, Japan or any other country in which the transfer and/or the subscription of the Notes is not permitted by the relevant authorities.

## **19. GOVERNING LAW AND JURISDICTION**

The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall in all respects be governed by, and shall be construed exclusively in accordance with, Italian law.

The courts of Milan have exclusive jurisdiction to settle and determine any dispute arising out of, or in connection with, the Notes or their validity, interpretation or performance or with these Conditions and any non-contractual obligations arising out of or in connection with any Note.

## **20. ADMISSION TO TRADING**

The Issuer has filed with the Irish Stock Exchange application for admission to trading of the Notes on the Main Securities Market that is a EU regulated market as defined under the Directive 2014/65/EU (so-called MiFID II).

## **21. MISCELLANEA**

The subscription or the purchase of the Notes shall constitute full acceptance of all conditions provided for under these Conditions.



## DESCRIPTION OF THE ISSUER

### Information about the Issuer

Dolomiti Energia S.p.A. (“**Dolomiti Energia**” or the “**Issuer**”) is a company limited by shares (*società per azioni*) incorporated and operating under the laws of the Republic of Italy and is registered at the Companies’ Registry of Trento under registration number 01812630224.

Its registered office is at Via Fersina 23, 38123 Trento (TN), Italy and the telephone number of its registered office is +39 0461 362330. The Issuer may also be contacted by fax on +39 0461 362236 or by e-mail at the certified email address *info.commerciale@cert.dolomitienergia.it*. The Issuer’s website address is *www.dolomitienergia.it*.

Dolomiti Energia was incorporated on 20 December 2002 for a period expiring on 31 December 2050 (which may be extended by a shareholders’ resolution) with the name “*Trentino Energia Territorio Ambiente S.p.A.*” or, in abbreviated form, “*Trenta S.p.A.*”. Subsequently, as of 1 April 2016, the name of the Issuer was changed to its current name “*Dolomiti Energia S.p.A.*”.

### Business Overview

Dolomiti Energia is part of the group comprising Dolomiti Energia Holding S.p.A. (“**Dolomiti Energia Holding**”) and its subsidiaries (together, the “**Dolomiti Energia Group**” or the “**Group**”), which is one of Italy’s most prominent multi-utility groups (*Source*: Internal analyses by the Issuer).

The Issuer’s core business is the sale of natural gas and electricity. As the Group company responsible for dealing with end customers, Dolomiti Energia is the single point of contact for consumers and business customers, which also includes sales management services (such as contract activation, billing and debt collection) in the water, district heating and urban hygiene sectors.

In particular, the Issuer is responsible for the organisation of technical, economic, financial and human resources for:

- the purchase and sale of electricity, gas, water, heat, cooling fluids and fuel and energy products in general;
- the purchase and sale of services related to the integrated water service and the public lighting service;
- providing assistance and advice on energy, water and waste services to anyone who so requests;
- the operation of services connected with the waste collection and disposal cycle;
- the marketing, sale, installation and maintenance of equipment and systems for the use in the provision of the services by the Issuer; and
- the consultancy, marketing and sale of district heating, air-conditioning, cooling, safety, monitoring and other systems relating to the operation of homes, offices and buildings of any nature.

Dolomiti Energia has a total of over 600,000 customers for the supply of electricity and natural gas throughout Italy, over 100,000 customers in the water sector in the Province of Trento and over 100,000 customers in the environmental sector in the cities of Trento and Rovereto (data as at 31 December 2016). In addition to a large retail segment, the Issuer’s customers include numerous and significant businesses, as well as local and national public entities, following the award in recent years of a number of public tenders.

The sale of gas and electricity by the Issuer is also complemented by a series of energy saving initiatives, which include energy audits and monitoring at the customer's premises, the supply of energy-efficient LED lighting and the installation of recharging points for electric vehicles.

For non-regulated business (the so-called “**free market**”), Dolomiti Energia's supplier of electricity and natural gas is the Group company Dolomiti Energia Trading S.p.A. (“**Dolomiti Energia Trading**”, formerly Multiutility S.p.A.) whereas, for regulated activities, its supplier is Acquirente Unico.

As an operator in the multi-utility sector, the Issuer is subject to the supervision of the ARERA.

## **History and Development**

Following the deregulation process in Italy, which provided for the separate management of gas and electricity distribution and sales activities, Dolomiti Energia was founded as the sales company of the Group, dedicated to the sale of natural gas and electricity and operating as the single point of contact for consumers.

Dolomiti Energia was incorporated with the contribution of the sales activities of Trentino Servizi S.p.A. (“**Trentino Servizi**”, a Group company), Servizi Territoriali Est Trentino S.p.A. (“**STET**”) and Azienda Intercomunale Rotaliana S.p.A. (“**AIR**”) and started operating in 2003 under the name “Trenta S.p.A.”.

In 2005, the Issuer expanded its customer base by acquiring, through the lease of a line of business, the sales activities carried out by SET Distribuzione S.p.A., a successor company to Enel Distribuzione S.p.A. in the distribution, metering and sale of electricity to captive customers, including eligible customers who had not exercised the right to conclude free market supply contracts in the Province of Trento.

In 2009, Alto Garda Servizi S.p.A. (“**AGS**”) and Dolomiti Energia Holding entered into certain agreements which ratified the entry of Dolomiti Energia Holding among the shareholders of AGS and provided, as of 1 January 2010, for the merger of the two companies' respective subsidiaries AGS Com S.p.A. and Trenta S.p.A. into a single sales company.

In 2010, the Issuer acquired the line of business of PVB Power S.p.A.. Subsequently, through the contribution in kind of lines of business, the Issuer also acquired the sales activities of the following municipalities of the Province of Trento:

<b>Year</b>	<b>Municipality</b>
2011	Municipality of Ossana
2012	Municipalities of Avio and Vermiglio
2013	Municipality of Fai della Paganella
2014	Municipalities of Cles and Dimaro Folgarida (Monclassico)
2018	Municipality of Isera

With effect from 1 April 2016, in compliance with the regulatory obligations regarding brand unbundling imposed by the ARERA and in order to strengthen commercial visibility on the national market, Dolomiti Energia changed its name from Trenta S.p.A. to Dolomiti Energia S.p.A.. Until the transitional regime ceases, the Dolomiti Energia S.p.A. brand will be used for all sales activities *vis-à-vis* end-customers in the free market, while the Trenta S.p.A. brand will be used – in line with the obligations imposed by the ARERA – solely for the sale of electricity in the protected categories market.

Finally, as part of the reorganisation project of the sales activities of the Dolomiti Energia Group, corporate transactions were performed which led to a change in the Issuer's business model, which is now focused exclusively on sales activities directed at end-consumers. From 1 April 2016, all sales activities previously carried out by the Group company Dolomiti Energia Trading (*i.e.* sale of electricity and natural gas) *vis-à-vis* end-customers (*i.e.* companies and households) were transferred to Dolomiti

Energia. At the same time, procurement and sale activities on the wholesale electricity and gas markets were transferred to Dolomiti Energia Trading. As a result of these transactions, the new business model allowed Dolomiti Energia to focus on sales to end-consumers with the objective of assuming an important role in the development process underway in the national market. In particular, turnover rose to Euro 895.9 million (+9.8% compared to 2015) due to both organic growth within the customer portfolio and new customers acquired.

### **Geographic Areas**

The Issuer's supplies in relation to the water and environmental sector are concentrated in the Province of Trento, as well as its operation in the protected categories electricity and gas market. However, the customer base of the free market is bringing Dolomiti Energia to operate in all Italian provinces, with a turnover that makes the activity in the rest of the Italian territory comparable to that generated in the Province of Trento.

### **Strategy**

The Issuer's strategy over the next few years may be summarised as follows:

- to broaden its customer base not only in the Province of Trento, but also in the rest of the Italian territory, while at the same time expanding the range of services offered to customers;
- to continue offering customers solutions that combine the supply of gas and electricity with the safeguarding of the environment, without relinquishing the opportunity to make savings; and
- to distinguish itself as an operator attentive to the quality of the service offered and in general to the environmental, economic and social sustainability of its activities.

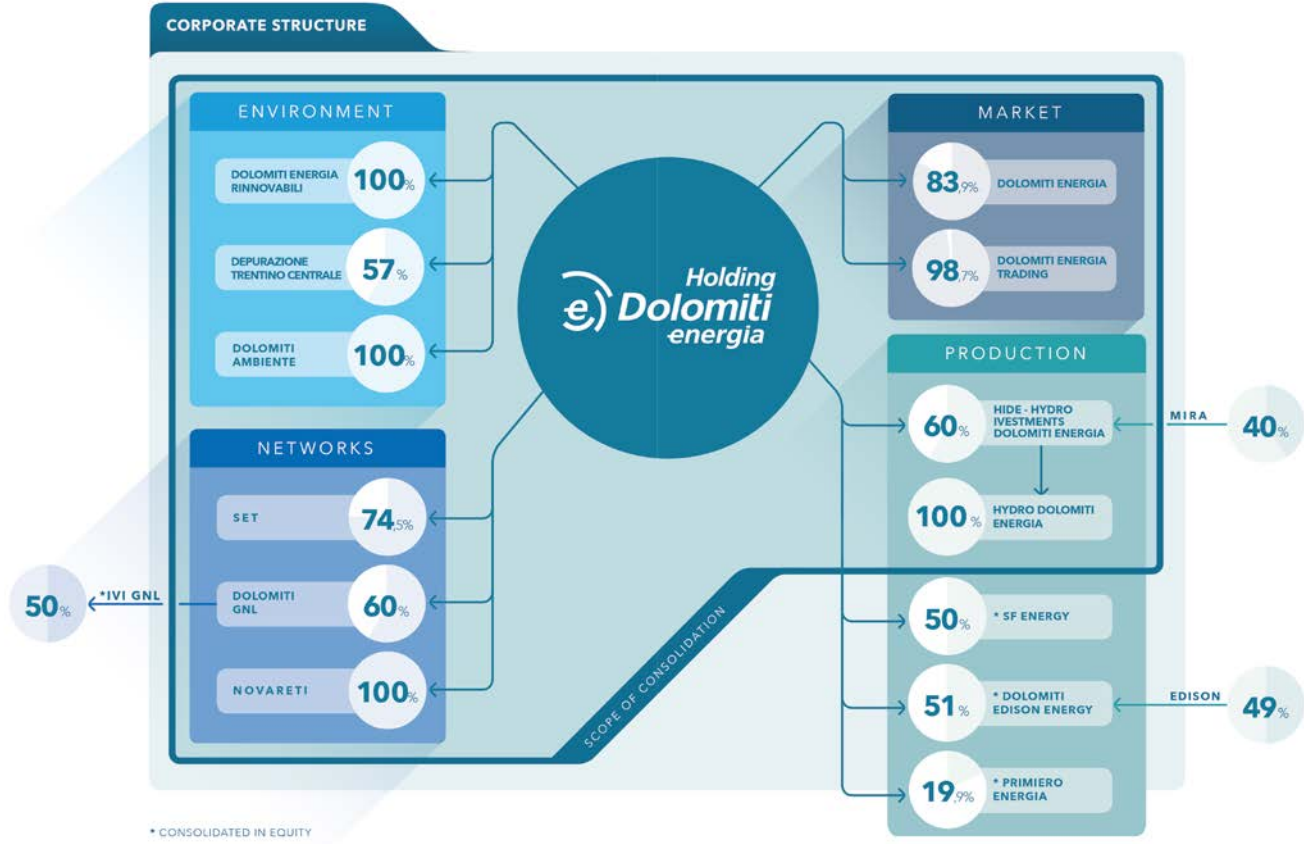
### **Group Structure**

The Dolomiti Energia Group is one of Italy's most prominent multi-utility groups and is active throughout the entire energy sector (including renewable energy) and water cycle, as well as in the provision of urban hygiene and public lighting services. The main services and activities performed by the Group are:

- purchase, import, production, transportation and distribution of electricity;
- purchase, import, storage, distribution and sale of natural gas and in general liquefied petroleum gas;
- collection and transportation of waste; and
- management of the entire water cycle, from overseeing the water supply and sewage system to carrying out chemical, physical and bacteriological analysis.

Within the Group, Dolomiti Energia is mainly active in the sale of electricity and natural gas to end-customers, operating as their single point of contact.

The following chart illustrates the Group structure as at the date of this Prospectus.



**Financing**

Apart from the Notes, the financing of the Issuer is entirely provided at group level by Dolomiti Energia Holding.

**Administrative, Management and Supervisory Bodies**

**Board of Directors**

The Issuer’s board of directors is composed of the following eight directors, appointed for a period of three financial years expiring on the date of the shareholders’ meeting held to approve the financial statements as at and for the year ending 31 December 2017.

Name	Position	Main activities outside of the Issuer
Rudi Oss	Chairman of the Board of Directors	<ul style="list-style-type: none"> <li>- Chairman of the board of directors of Dolomiti Energia Holding S.p.A.</li> <li>- Chairman of the board of directors of Hydro Dolomiti Energia S.r.l.</li> <li>- Chairman of the board of directors of Hide S.r.l.</li> <li>- Chairman of the board of directors of Pvb Bulgaria</li> </ul>
Luigi Chini	Vice Chairman of the Board of Directors	Chairman of the board of directors of AIR S.p.A.

<b>Name</b>	<b>Position</b>	<b>Main activities outside of the Issuer</b>
Marco Merler	Chief Executive Officer	<ul style="list-style-type: none"> <li>- Chief Executive Officer of Dolomiti Energia Holding S.p.A.</li> <li>- Chairman of the board of directors of Dolomiti Energia Trading S.p.A.</li> <li>- Chief Executive Officer of Hydro Dolomiti Energia S.r.l.</li> <li>- Member of the board of directors of Hide S.r.l.</li> <li>- Standing Auditor of Isa S.p.A.</li> <li>- Member of the board of directors of Bio Energia Fiemme S.p.A.</li> <li>- Member of the board of directors of Ags S.p.A.</li> <li>- Chairman of the board of directors Dolomiti Edison Energy S.r.l.</li> <li>- Member of the board of directors of Bio Energia Trentino S.r.l.</li> <li>- Chairman of the board of directors of NESCO S.r.l.</li> </ul>
Romano Stefani	Director	-
Raffaella Prezzi	Director	<ul style="list-style-type: none"> <li>- Member of the board of directors of Dolomiti Energia Holding S.p.A.</li> <li>- Member of the board of directors of Dolomiti Energia Trading S.p.A.</li> <li>- Liquidator of Rubino S.r.l. in liquidazione</li> <li>- Liquidator of Supermercato Cm Di Martini Lionello E C. Snc</li> <li>- Liquidator of Ampola Legnami S.r.l.</li> <li>- Liquidator of Zomer Fiacomo</li> <li>- Liquidator of Martinelli Trasporti S.A.S.</li> <li>- Liquidator of Komar – Kluc Officine Macchine Alimentari Rovereto S.r.l.</li> <li>- Liquidator of Logistica Marisa Renato Di Marisa Renato S.A.S.</li> <li>- Liquidator of Sportsgear S.A.S.</li> <li>- Liquidator of Distributed Thinking S.p.A.</li> <li>- Liquidator of Setti Immobiliare S.r.l.</li> <li>- Liquidator of Folgaria Legnami S.r.l.</li> <li>- Liquidator of Euronorm Mbc S.r.l.</li> </ul>
Enrica Franzini	Director	<ul style="list-style-type: none"> <li>- Member of the board of directors of STET S.p.A.</li> </ul>
Manuela La Via	Director	<ul style="list-style-type: none"> <li>- Member of the board of directors of AGS S.p.A.</li> <li>- Standing Auditor of Lido di Riva del Garda Immobiliare S.p.A.</li> <li>- Standing Auditor of Hotel Lido Palace S.p.A.</li> <li>- Standing Auditor of So.Le. Soc. Coop.</li> <li>- Liquidator of Centro Salute Bellaria S.r.l.</li> <li>- Liquidator of BAG Technology S.r.l.</li> <li>- Liquidator of CABO S.r.l.</li> </ul>
Fortunata Mazzeo	Director	Member of the board of directors of Dolomiti Energia Rinnovabili S.r.l.

The business address of each member of the board of directors is the Issuer's registered office.

### **Board of Statutory Auditors**

The board of statutory auditors is composed of three standing auditors and two alternate auditors who were appointed for a period of three financial years expiring on the date of the shareholders' meeting held to approve the financial statements as at and for the year ending 31 December 2017.

<b>Name</b>	<b>Position</b>	<b>Main activities outside of the Issuer</b>
Stefano Tomazzoni	Chairman of the Board of Statutory Auditors	<ul style="list-style-type: none"> <li>- Chairman of the board of directors and Standing Auditor of S.E.T.A. Società Editrice Tipografica Atesina S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of Cassa Rurale di Lizzana Soc. Cooperativa</li> <li>- Chairman of the board of directors and Standing Auditor of SWS Engineering S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of ENGINSOFT S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of SWS Group S.P.A.</li> <li>- Chairman of the board of directors and Standing Auditor of NOVARETI S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of DTC S.c.a.r.l.</li> <li>- Standing Auditor of ADIGE-SYS S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of SF Energy S.r.l.</li> </ul>
Andrea Mora	Auditor	<ul style="list-style-type: none"> <li>- Chairman of the board of directors AGS S.p.A.</li> <li>- Chairman of the board of directors CIV S.p.A.</li> <li>- Standing Auditor of Alto Garda Power S.r.l.</li> <li>- Chairman of the board of directors AGS S.p.A.</li> <li>- Chairman of the board of directors CIV S.p.A.</li> <li>- Standing Auditor of Alto Garda Power S.r.l.</li> <li>- Chairman of the board of directors and Standing Auditor of TASCI S.r.l.</li> <li>- Center Administrator of ORION S.r.l.</li> <li>- Center Administrator of MASS DUE S.r.l.</li> <li>- Vice Chairman of the board of directors of Galleria S.r.l.</li> <li>- Member of the board of directors of Virgilio 2 S.r.l.</li> <li>- Member of the board of directors of EDP Sistemi S.r.l.</li> <li>- Member of the board of directors of Xidera S.r.l.</li> <li>- Member of the board of directors of Infoline S.r.l.</li> <li>- Member of the board of directors of GPI S.p.A.</li> <li>- Member of the board of directors of Nuova Sigma S.r.l.</li> <li>- Member of the board of directors of BIM Italia S.r.l.</li> <li>- Member of the board of directors of INSIEL Mercato S.p.A.</li> <li>- Limited Partner of Esse Emme Servizi SaS di Stanchina Paolo &amp; C.</li> </ul>
Anna Postal	Auditor	<ul style="list-style-type: none"> <li>- Standing Auditor of Cantina Sociale Roverè della Luna Soc. Coop.</li> <li>- Standing Auditor of Vender Legnami S.r.l.</li> <li>- Standing Auditor of Progetto 92 Soc. Coop.</li> <li>- Standing Auditor of S.T. Servizi S.r.l.</li> <li>- Standing Auditor of Contigo S.r.l.</li> <li>- Standing Auditor of G.B. Immobiliare Trento S.r.l.</li> <li>- Chairman of the board of directors and Standing Auditor of Giudicarie Gas S.p.A.</li> <li>- Chairman of the board of directors and Standing Auditor of Funivia di Moena S.p.A.</li> <li>- Statutory Auditors of C.L.M. – Bell S.r.l.</li> </ul>
Barbara Caldera	Alternate Auditor	<ul style="list-style-type: none"> <li>- Standing Auditor of Dolomiti Energia Holding S.p.A.</li> <li>- Standing Auditor of Hydro Dolomiti Energia S.r.l.</li> <li>- Standing Auditor of Hydro Investments Dolomiti Energia S.r.l.</li> <li>- Standing Auditor of Furlani Carni S.p.A.</li> <li>- Standing Auditor of Paros S.r.l.</li> </ul>
Renzo Lazzeri	Alternate Auditor	–

The business address of each member of the board of statutory auditors is the Issuer's registered office.

### ***Independent Auditors***

The Issuer's independent auditors are PricewaterhouseCoopers S.p.A., who have been appointed for the three financial years from 2017 to 2019.

### ***Supervisory Body***

The Issuer has adopted an organisational and control model (the "**Model**") pursuant to Legislative Decree No. 231/2001 on corporate liability, which is in line with the organisational and control model adopted by the Group.

The Issuer has therefore established an internal and permanent supervisory body (*organismo di vigilanza*) with the power to oversee and verify the implementation and compliance with the Model. The supervisory body is currently composed of the following persons:

<b>Name</b>	<b>Position</b>
Stefano Tomazzoni	Chairman
Flavia Betti Tonini	Member
Stefania Condini	Member

### ***Code of Ethics***

The Issuer has adopted the code of ethics of the Group with the aim of establishing and sharing the ethical principles and requirements as to conduct under which all board members, managers, officers, employees, consultants and any other person operating in the interest and/or on behalf of the Issuer are expected to act.

### ***Conflicts of Interest***

Save as disclosed above, as far as the Issuer is aware, none of its directors, statutory auditors or senior managers has any private interest and/or other duty which conflicts with their obligations deriving from their office.

### ***Employees***

As at 31 December 2017, the Issuer employed 171 people, two of whom were executives, eight were middle management and 161 were office workers.

### ***Share Capital and Shareholders***

#### ***Share capital***

As at the date of this Prospectus, the Issuer has a share capital of €20,200,000, fully paid up and consisting of 20,200,000 ordinary shares with a nominal value of €1.00 each. The Issuer's shares are unlisted.

#### ***Shareholders***

As at the date of this Prospectus, the Issuer's share capital is owned as set out in the following table:

<b>Shareholder</b>	<b>(%)</b>
Dolomiti Energia Holding	83.87
STET	6.45
AGS	4.54
AIR	3.71
Others	1.43

A majority of the share capital of the Issuer's parent company Dolomiti Energia Holding is either directly or indirectly owned by public entities located in the Province of Trento. The Issuer is subject to direction and coordination (*direzione e coordinamento*) by Dolomiti Energia Holding pursuant to Article 2497 of the Italian Civil Code and, accordingly, the Issuer has no abuse of control measures in place in order to ensure that its direction and coordination is not abused with respect to shareholders.

The Issuer's minority shareholders are either municipalities or small-sized utility company operating in the territory of the Autonomous Province of Trento.

A shareholders' agreement was entered into on 14 December 2011 between Trentino Servizi, AIR, AGS and STET concerning appointment to management bodies, the distribution of profits, the procedures for the organisation of territorial services to customers and the procedures for the approval of certain corporate transactions involving the Issuer's share capital.

There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

### **Legal and Arbitration Proceedings**

#### ***Dispute with the ARERA over the planning activity of the quantities of electricity input or withdrawal***

By Resolution No. 342/2016/E/eel ("**Resolution 342**"), the ARERA initiated proceedings against Dolomiti Energia (and other sales operators) for the adoption of prescriptive measures aimed at hindering conduct relating to the planning activity of the quantities of electricity input or withdrawal considered to be inconsistent with the principles of diligence, professional care and expertise.

Resolution 342 initially concerned the imbalances created by the Issuer in the period from January 2015 to July 2016, on the basis of which the Issuer estimated that it would have to pay an amount of €500,000 upon adoption of a final decision. Following the ARERA's preliminary investigation, the period in question was limited only to the first half of 2016, thereby reducing the amount estimated by the Issuer.

During the proceedings, the Issuer stated that the imbalances created during the period in question were due to the fact that during the first half of 2016 the Group undertook a corporate reorganisation activity that led to the acquisition, as of 1 April 2016, by Dolomiti Energia (then Trenta S.p.A.) of the line of business relating to the sales activities of Dolomiti Energia Trading (then Multiutility S.p.A.), including its customer portfolio (see "*History and Development*" above for further information). The transaction had therefore entailed for the Issuer a temporary difficulty in reorganising and retrieving data for the preparation of models for the forecasting of requirements.

Subsequently, under Resolution No. 528/2017/E/eel ("**Resolution 528**"), the ARERA ordered the recalculation of the imbalances from the first half of 2016, excluding however from the calculation the imbalances that had occurred in April. The Issuer filed an appeal with the Lombardy Regional Administrative Court against Resolution 528, while at the same time representing to the ARERA that the effects of the corporate reorganisation activity could not be limited to the month of April but should be extended to the month of May as well.

Under Resolution No. 4/2018, the ARERA adopted the final prescriptive measure excluding also the month of May 2016 from the Issuer's recalculations, resulting in Dolomiti Energia having to pay a balance amount equal to €76,978.85. Although the Issuer considers this a positive result (representing a significant improvement on the original scenario that gave rise to the litigation), it nevertheless intends to continue the proceedings before the Regional Administrative Court.



### ***Dispute with the ARERA over the planning strategies in the electricity dispatching service***

Under Resolution No. DSAI/99/2017/EEL, the ARERA initiated a preliminary investigation against Dolomiti Energia in relation to alleged failure to conduct planning strategies in the electricity dispatching service with sufficient diligence. The matter is still in its preliminary investigation phase and, as at the date of this Prospectus, it is not possible to predict its outcome or the amount of any potential penalty.

### **Material Contracts**

The Issuer has entered into the following material contracts outside of the ordinary course of its business:

- *Dolomiti Energia Trading*: a one-year renewable contract worth approximately €319 million<sup>(1)</sup> in 2017 for the supply of electricity and gas entered into with Dolomiti Energia Trading, a Group company carrying out trading of electrical energy and gas on the wholesale market; and
- *Nexive*: a service contract worth approximately €1.3 million<sup>(1)</sup> in 2017 for the printing and dispatching of customers' bills, entered into with Nexive S.p.A., a private postal and parcel delivery company in Italy that belongs to the PostNL group, currently due to expire in 2018 but renewable for a further year.

### **Recent Developments**

#### ***Acquisition of electricity sales business from Municipality of Isera***

With effect from 1 January 2018, Dolomiti Energia acquired the electricity sales business of the Municipality of Isera and consequently acquired approximately 1,500 additional customers. The transaction is part of a gradual process of cessation of electricity distribution and sales businesses that are still carried on by a number of municipalities in the Province of Trento. Although none of these transactions are numerically of particular significance, this process may continue in the course of 2018.

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<sup>(1)</sup> Source: Internal management data (unaudited).

## TAXATION

*The statements herein regarding Italian taxation summarise the principal Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes.*

*This is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a Noteholder if such Noteholder is subject to special circumstances or if such Noteholder is subject to special treatment under applicable law.*

*This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.*

*The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.*

### 1. Interest deriving from the Notes

To the extent that Notes qualify as "*obbligazioni*" or "*titoli similari alle obbligazioni*", as defined hereunder, interest, premium and other proceeds (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from Notes, are subject to the tax regime provided for by Decree No. 239/1996.

In particular, Decree No. 239/1996 applies to such notes which fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended ("**Decree 917**") provided:

- (i) that they are issued by banks, or by a company whose shares are traded on a regulated market or multilateral trading facility of a EU or EEA country which is included in the "white list" provided for by Ministerial Decree of 4 September 1996, as amended from time to time ("**White List Decree**"), or
- (ii) if issued by companies other than those mentioned above (such as the Issuer), (a) that the notes themselves are traded on the mentioned regulated markets or multilateral trading facilities of an EU or EEA country or (b) that the noteholders are qualified investors (*investitori qualificati*) under Article 100 of TUF.

For this purpose, pursuant to Article 44 of Decree 917, bonds or debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) management of the issuer.

### **1.1. Italian resident Noteholders**

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime provided for by Article 7 of Italian Legislative Decree No. 461 of 21 November 1997 (“**Decree 461**”); (b) a non-commercial partnership; (c) a public or private entity (other than a company) or a trust not carrying out a commercial activity; or (d) an investor exempt from Italian corporate income taxation, Interest relating to the Notes, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

An Italian resident individual Noteholder not engaged in an entrepreneurial activity who has opted for the so-called *risparmio gestito* regime is subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary. For more information, see also “2. Capital Gains”.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 .

Where an Italian resident Noteholder is an individual entrepreneur holding Notes in connection with the entrepreneurial activity (please see specific reference below), a company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to the general Italian corporate tax regime (corporate income tax, “**IRES**”, generally levied at the rate of 24% while banks and other financial institutions will be subject to an additional corporation tax levied at the rate of 3.5%), or to personal income taxation (as business income), as the case may be, according to the ordinary rates and, in certain circumstances, depending on the “status” of the Noteholder, also to the regional tax on the value of production (“**IRAP**”), generally applying at the rate of 3.9 per cent. (which may be increased by each Italian Region by up to 0.92 per cent.; IRAP rate is increased to 4.65 per cent. and 5.90 per cent. for the categories of companies indicated, respectively, under article 6 and article 7 of Legislative Decree No. 446 of 15 December 1997).

In case the Notes are held by an individual engaged in an entrepreneurial activity and are effectively connected with the same entrepreneurial activity, Interest will be subject to *imposta sostitutiva* and will be included in the relevant income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (“**Decree 351**”), as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of TUF or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, or to real estate closed-ended investment companies (*società di investimento a capitale fisso*, or (“**SICAFs**”)) (to which the provision of Article 9 of Legislative Decree No. 44 of 4 March 2014 (“**Decree 44**”) apply), are neither subject to *imposta sostitutiva* nor to any

other income tax in the hands of a real estate investment fund or of SICAF. If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) or a non-real estate SICAF established in Italy and either (i) the fund or SICAV or non-real estate SICAF (ii) their manager is subject to the supervision of a regulatory authority ("**Fund**"), and the relevant Notes are held by an authorised intermediary, according to Circular No. 11/E of 28 March 2012, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005 – "**Decree 252**") and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an *ad hoc* 20 per cent. substitute tax.

Pursuant to Decree No. 239/1996, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or a transfer of Notes to another deposit or account, held by the same or another Intermediary.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying Interest to a Noteholder. If interest and other proceeds on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (a) to (d) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 26 per cent. The Italian individual investor may elect instead to pay ordinary personal income tax at the applicable progressive rates in respect of the payments; if so, the investor should generally benefit from a tax credit for withholding taxes applied outside of Italy, if any.

### **1.2. Non-Italian resident Noteholders**

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to Interest, accrued during the holding period when the Noteholders are resident, for fiscal purposes, in countries which do not allow for a satisfactory exchange of information with Italy and/or do not timely comply with the requirements set forth in Decree No. 239/1996 and the relevant application rules (please see below) in order to benefit from the exemption of the *imposta sostitutiva*.

The countries which allow for a satisfactory exchange of information for the purposes of Decree No. 239/1996 are currently listed in the White List Decree.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and (a) promptly deposit, directly or indirectly, the Notes with (i) a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank; (ii) a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; (iii) a non-resident entity or company which has an account with a centralised clearance and settlement system (such as Euroclear or Clearstream, Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance; or (iv) a centralised managing company of financial instruments, authorised in accordance with Article 80 of TUF; (b) promptly file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended; and (c) the banks or brokers mentioned above receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive. Failure of a non-Italian resident Noteholder to comply promptly with the mentioned procedures set forth in Decree No. 239/1996 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest, payments to a non-resident Noteholder. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

The “*imposta sostitutiva*” will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to Interest paid to Noteholders who are (i) resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or (ii) otherwise not eligible for the exemption from “*imposta sostitutiva*”.

## **2. Capital gains**

### **2.1. Italian resident Noteholders**

Any gain obtained from the sale or redemption of the Notes would be treated as part of the IRES taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected), a commercial partnership, or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Under some conditions and limitations, Noteholders may set off losses with gains of the same nature.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net

of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being promptly made in writing by the relevant Noteholder.

The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder which is an Italian real estate investment fund to which the provisions of Decree 351 as subsequently amended apply or a real estate SICAF (to which the provision of Article 9 of Decree n. 44 apply) will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or real estate SICAFs.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed at the Fund level, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of Decree 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

## **2.2. Non-Italian resident Noteholders**

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the so-called *risparmio amministrato* regime according to Article 6 of Decree 461 may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

The countries which allow for a satisfactory exchange of information for the purposes of Decree No. 239/1996 are currently listed in the White List Decree, as amended or supplemented from time to time.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the *risparmio amministrato* regime according to Article 6 of Decree 461 may be required to produce in due time to the Italian authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence.

## **3. Tax Monitoring**

Pursuant to Law Decree No. 167 of 28 June 1990 ("**Decree 167**"), as amended by Law of 6 August 2013, No. 97 (*Legge Europea* 2013), individuals, non-commercial institutions and non-commercial partnerships resident in Italy, under certain conditions, will be required to report in their yearly income tax return, for tax monitoring purposes, the amount of investments (including the Notes) directly or indirectly held abroad during each tax year. Inbound and outbound transfers and other transfers occurring abroad in relation to investments should not be reported in the income tax return.

This obligation does not exist in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1

of Decree 167, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

#### **4. Inheritance and Gift Taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; transfers in favour of relatives (*parenti*) to the fourth degree or direct relatives-in-law (*affini in linea retta*), indirect relatives-in-law (*affini in linea collaterale*) within the third degree other than the relatives indicated above are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied to the rate mentioned above on the value exceeding €1,500,000.

A tax credit may be available for the inheritance and gift tax paid in Italy under the applicable double tax treaty on inheritance and gift, if any.

#### **5. Transfer Tax**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds executed in Italy are subject to fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax at a rate of €200, only in case of voluntary registration or if the so-called “*caso d’uso*” or “*enunciazione*” occurs.

#### **6. Stamp Duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011, converted by Law No. 214 of 22 December 2011, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary, carrying out its business activity within the Italian territory, to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent and is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than €34.20 and it cannot exceed €14,000 if the Noteholder is not an individual.

#### **7. Wealth tax on Notes deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of



wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

#### **8. Proposed European Financial Transactions Tax (FTT)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Placement Agent has, in a mandate letter dated 20 February 2018 and made between the Issuer and the Placement Agent, upon the terms and subject to the conditions contained therein, agreed to use its reasonable endeavours to procure purchasers who will subscribe and pay for the Notes at their issue price of 100 per cent. of their principal amount. The Issuer has agreed to pay the Placement Agent certain commissions and to reimburse the Placement Agent for certain of its expenses incurred in connection with the placement of the Notes. The Placement Agent is entitled in certain circumstances to be released and discharged from its obligations under the Placement Agreement prior to the closing of the issue of the Notes.

The following paragraphs set out certain restrictions on the offering and sale of the Notes and the distribution of this Prospectus.

### General

No action has been or will be taken in any jurisdiction by the Issuer or the Placement Agent that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Placement Agent to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

### United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

### Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined under Article 100 of the TUF, as implemented by Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (otherwise known as the *Regolamento Emittenti* or the "**Issuers' Regulation**") and by Article 35, paragraph 1, letter d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended (otherwise known as the *Regolamento Intermediari* or "**Intermediaries' Regulation**") which are subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph, of the Italian Civil Code; or
- (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of the TUF or CONSOB's implementing regulations, including Article 34-ter, paragraph 1, of the Issuers' Regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restrictions under paragraphs (a) and (b) above and must be:

- (4) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the TUF, the Intermediaries' Regulation and Legislative Decree No. 385 of 1 September 1993 (otherwise known as the *Testo Unico Bancario* or the "**TUB**"), in each case as amended from time to time;
- (5) in compliance with Article 129 of the TUB and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 10 August 2016, as further amended from time to time; and
- (6) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes was authorised by resolutions passed by the Issuer's Board of Directors on 12 February 2018.

### Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to trading on its regulated market and to be listed on its Official List. Admission is expected to take effect on or about the date of this Prospectus.

### Expenses related to Admission to Trading

The total expenses related to admission to trading of the Notes are estimated at €6,540.

### Listing Agent

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the official list of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

### Use of Proceeds

The proceeds of the Notes were used by the Issuer for general corporate purposes.

### Significant/Material Change

Since 31 December 2016, there has been no material adverse change in the prospects of the Issuer and no significant change in its financial or trading position.

Save as disclosed in this Prospectus at "*Legal and Arbitration Proceedings*" on pages 40 - 41, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.

### Auditors

The annual financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015 have been audited without qualification by PricewaterhouseCoopers S.p.A., which is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010. PricewaterhouseCoopers S.p.A., which is located at Via Monte Rosa 91, 20149 Milan, Italy, is also a member of ASSIREVI (the Italian association of auditing firms).

### Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents may be inspected during normal business hours at the registered office of the Issuer at Via Manzoni 24, 38068 Rovereto, Italy:

- (a) the By-laws (*statuto*) of the Issuer (in Italian only); and
- (b) the audited annual financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015.

In addition, this Prospectus is available for viewing on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)) and the financial statements referred to above may be accessed on the Issuer's website (see "*Information Incorporated by Reference*").

### **Interests of natural and legal persons involved in the issue/offer**

The Placement Agent and/or its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Placement Agent and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory and commercial banking services to the Issuer and its affiliates in the ordinary course of business, for which they have received, or may receive, customary fees and commissions.

Furthermore, in the ordinary course of business, the Placement Agent and/or its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans), both for their own account and for the account of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and the Issuer's affiliates. The Placement Agent and/or its affiliates that have a lending relationship with the Issuer and its affiliates, may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Placement Agent and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Placement Agent and/or its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Placement Agent and/or its affiliates may also act as counterparties in the hedging arrangements that the Issuer may enter into in connection with such refinancing arrangements and will receive customary fees for their services in such capacities.

For the purpose of this paragraph, the word "affiliates" also includes the Placement Agent's parent company.

### **Clearing**

The Notes are in bearer form and, until redemption or cancellation, will be held in dematerialised form by Monte Titoli S.p.A. for its account holders. The registered office and principal place of business of Monte Titoli S.p.A. is at Piazza degli Affari 6, 20123 Milan, Italy.

The Notes have been accepted for clearance by Monte Titoli S.p.A. and have the following ISIN assigned to them: IT0005325136.

**ISSUER**

*Registered office:*  
Via Manzoni, 24  
38068 Rovereto  
Italy

**PLACEMENT AGENT**

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