

Prospectus



Dolomiti Energia Holding S.p.A.

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

€7,540,000 Subordinated Floating Rate Notes due 2022

The €7,540,000 Subordinated Floating Rate Notes due 2022 (the "**Notes**") of Dolomiti Energia Holding S.p.A. (the "**Issuer**") were originally issued on 10 February 2010 at an issue price of 100 per cent. of their principal amount.

The Notes are in denominations of €150,800. The Notes will be redeemed as follows (i) as to Euro 49,764 for each Note on 10 August 2017; and (ii) as to the remaining amount of Euro 101,036 for each Note on 10 August 2022. The Notes are not subject to any other early redemption at the option of either the Issuer or Noteholders.

Interest on the Notes is payable quarterly in arrear on 10 February, 10 May, 10 August and 10 November each year at a floating rate equal to, per annum, the 3-month Euribor calculated on an Actual/360 day count basis, with a floor equal to zero plus a spread of 165 basis point. Payments on the Notes will be made in Euros and will be subject to withholding tax pursuant to section 26 of Presidential Decree No. 600 of 29 September 1973. See "*Terms and Conditions of the Notes — Article 11 (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, including Directive 2010/73/EU, 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 14 July 2017.

This Prospectus is available for viewing on the Irish Stock Exchange's website (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 7.

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.

Arranger

UNICREDIT BANK

14 July 2017

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 arranger (the "**Arranger**").

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.

The Arranger has been appointed by the Issuer solely for the purposes of assisting in the admission of the Notes to trading on the Irish Stock Exchange's regulated market and to listing on its Official List. Neither the Arranger nor any of its affiliates was involved in the original issue and subscription of the Notes and none of them has been appointed to act in any capacity relating to any sale, transfer, offering or trading of the Notes. Neither the Arranger 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 Arranger 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 Arranger 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.

This Prospectus has been published solely for the purpose of obtaining admission of the Notes to trading on the regulated market of the Irish Stock Exchange. 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 Arranger 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 Arranger to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Arranger 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 Arranger 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.

PRESENTATION OF FINANCIAL INFORMATION

Basis of Preparation

The audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015 are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*" below.

The Issuer prepared its audited consolidated financial statements as at and for the year ended 31 December 2015 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**"). Starting from the year ended 31 December 2016, the Issuer has adopted International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and, accordingly, its audited consolidated financial statements as at and for the year ended 31 December 2016 have been prepared in accordance with IFRS. As required for the purposes of first-time adoption of IFRS, the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2016 also include tables with comparative figures as at and for the year ended 31 December 2015.

Alternative Performance Measures

The Issuer's financial statements incorporated by reference in this Prospectus contain information on the Group's EBIT and EBITDA which, although not recognised as measures of performance under IFRS or Italian GAAP, are used by the management of the Issuer to monitor the Group's financial and

operating performance. In particular, management believes that EBITDA is a good performance indicator, as it is not affected by tax regulations and amortisation/depreciation policies.

Consolidated “**EBIT**” is profit for the period before adding back or deducting (as applicable) financial income and charges and taxes.

Consolidated “**EBITDA**” is comprises profit for the period before adding back or deducting (as applicable) amortisation/depreciation, allocations to provision for risks, write-downs of assets, financial income and charges and taxes.

EBIT and EBITDA should not be regarded as alternatives to any performance measures recognised in accordance with IFRS, Italian GAAP or any other generally accepted accounting principles. As financial measures, they are used by management to monitor the underlying performance of the business and operations but they are not indicative of the historical operating results of the Issuer, nor are they meant to be predictive of future results. Since companies do not all calculate these measures in an identical manner, the Issuer’s presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on any such data.

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.

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 “**Arranger**” means UniCredit Bank AG;
- (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**” means the Issuer and its Subsidiaries, taken as a whole;
- (vii) references to “**IFRS**” are to International Financial Reporting Standards, as adopted by the European Union;
- (viii) the “**Issuer**” means Dolomiti Energia Holding S.p.A.;
- (ix) references to a “**Member State**” are to a Member State of the European Economic Area; and
- (x) “**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.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under 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. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Although the Issuer takes measures that it considers prudent to manage and reduce the potential risks affecting its business, the Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but 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 Group operates in a heavily regulated environment, in accordance with, among other things, the rules issued by the Italian Regulatory Authority for Electricity, Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*, or "**AEEGSI**"), 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 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 Group.

Risks relating to concessions granted in connection with the Group's natural gas distribution and hydroelectric power businesses

The gas distribution business of the Group depends on concessions being granted by Italian local authorities. The gas market is regulated by Legislative Decree No. 164 of 23 May 2000 (the "**Letta Decree**"), as amended, pursuant to which the distribution of natural gas in certain municipalities and areas must be carried out by operators which are chosen through a public tender process. In addition, where a concession holder is replaced by a new operator, compensation must be paid to the outgoing concession holder for the assets that will become available to the new concession holder. Several recent laws and regulations have affected the tender process and the determination of compensation payable to an outgoing concession holder. There is still considerable uncertainty with regard to how the concession system will work and how the authorities granting the concessions and the Italian courts will interpret such legislation. Pursuant to the Letta Decree, the existing concessions granted without a prior public tender process are all expired "ex lege" and therefore the previously appointed operators (i.e. those chosen without a tender offer process) can continue the management of their concessions only until the new publicly appointed operator replace them. In addition, the Letta Decree also established that the tender offer process shall take place only in respect of certain territories which have been defined in the number of 177, which means that only 177 concessions will be issued.

Similar uncertainty surrounds the legislation relating to the renewal of concessions granted in connection with the production of hydroelectric power. In the case of the Group, the concessions are due to expire for most of the plants in 2020 but, as at the date of this Prospectus, the legislation is the subject matter of disagreement over whether its provisions fall within the authority of the national government or the government of the Autonomous Province of Trento. Pending resolution of the matter, the Autonomous Province of Trento has issued instructions to suspend all activity relating to the possible renewal of those concessions.

No assurance can be given that the Group will be granted concessions for the areas where it currently operates under concession agreements, or even if concessions are granted to it, that they will be on the same conditions as, or on more favourable conditions than, those of existing concessions. If the Group loses a concession, although it may be entitled to compensation, there can be no assurance that any such compensation will be adequate and the loss or award of a concession may result in litigation in connection with the determination of the compensation to be paid by the incoming concession holder. All of the above factors could adversely affect the business, financial condition and results of operations of the Group.

In addition to risks arising from loss of concessions, the Group may be subject, in the event of breaches or non-performance of its obligations under the concession agreements, to penalties, sanctions and/or suspension of tariff increases, including failure to allow fair access by third parties to its transportation, distribution and storage network. Penalties, sanctions or the suspension of tariff increases, could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to changes in tariff levels

A significant part of the Group's revenues are linked to the tariffs which currently apply to electricity and natural gas distribution.

Tariff regulation is for the most part set by the AEEGSI before the start of each regulatory period. With reference to the electricity distribution activity, with resolution No. 645/2015 the AEEGSI defined the mandatory tariffs to be applied to final customers for 2016 as well as the criteria for the new tariff period which will be in force for the next eighth years. Under Resolution No. 573/2013/R/gas, as subsequently amended, the AEEGSI defined the reference tariffs and mandatory tariffs for natural gas distribution and metering services for the regulatory period from 1 January 2014 to 31 December 2019.

With regard to the distribution of gas, under the current tariff system, the revenues of the Group are reviewed annually on the basis of criteria set by the AEEGSI which factor in the rate of annual growth of natural gas volumes introduced into the transport networks. These volumes depend on factors outside of the Group's control, such as the price of natural gas compared to other fuels, economic growth, climate change, environmental laws, availability of natural gas imported from foreign countries and the availability of sufficient transport capacity on import pipelines. If such volumes were lower than the rate of annual growth factored into the above-mentioned criteria, this could adversely affect the business, financial condition and results of operations of the Group.

There can be no assurance that any future revision of tariffs for the Group's regulated activities will keep them at a level that satisfies the Issuer's expectations or requirements, and they may be significantly reduced, possibly in response to political or public pressure. Should any such changes result in decreases in tariffs or in repayments to customers, these could have a material adverse effect on the Issuer's financial condition and results of operations.

Risks relating to quality standards

The Group is 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 Group having to indemnify end users or pay penalties and/or fines. Although the Group 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 Group.

Risks relating to the implementation of the Group's 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 business, financial condition and results of operations of the Group.

Risks relating to joint ventures and partnerships

In recent years, the Group has entered into various partnerships. In particular, in 2016 the Group and Fedaiia Holdings (fully owned by Macquarie Infrastructure Fund 4) set up the newco Hydro Investments Dolomiti Energia S.r.l. which, since December 2016, owns the 100% of the share capital of Hydro Dolomiti Energia S.r.l. with a view to developing the Group's presence in the sector of production and sale of hydroelectric energy. The Group may enter into further joint ventures or partnerships in the future with the same or other parties. The possible benefits or expected returns from such joint

ventures and partnerships may be difficult to achieve or may prove to be less valuable than the Group currently estimates. Furthermore, such investments are inherently risky as the Group may not be in a position to exercise full influence over the management of the joint venture company or partnership and the business decisions taken by it. In addition, joint ventures and partnerships bear the risk of difficulties that may arise when integrating people, operations, technologies and products. All of the above circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group aims to participate only in ventures in which its interests are aligned with those of its partners, it cannot guarantee that its interests will remain so aligned. Although strategic joint ventures are intended to be stable operational structures, contracts governing such projects typically include provisions for terminating the venture or resolving deadlock. The dissolution of business ventures can be both lengthy and costly and the Group cannot give any assurance that any strategic alliances will endure for a period of time compatible with its strategy.

Risks relating to the Group's 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 business, financial condition and results of operations of the Group.

Risks relating to interruption of the Group's business activities

The Group is continuously exposed to the risk of interruption of its business activities due to the malfunctioning of its infrastructure (transport/distribution networks) and plants (storage and delivery points) resulting from events outside of the Group'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 Group's reputation and, overall, have a material adverse effect on the business, financial condition and results of operations of the Group.

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 Group 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 Group 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. All of the above risks could adversely affect the business, financial condition and results of operations of the Group.

Additional risks could be related to a failure by service providers (for primary services such as materials supply, technical service and support service such as IT specialists, legal, consultancy, etc) to timely or inappropriately execute the services requested by the Issuer.

Risks relating to seasonality and atmospheric conditions

The Group's business is affected by atmospheric conditions such as the average temperatures influencing overall consumption needs or prolonged drought causing low hydro production. 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 could result in a significant variation of normal demand and also affect the Group's production from certain renewable sources. This could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to renewable energy

The Group's renewable energy business is exposed to the risk that the production of electricity from renewable sources may be interrupted due to events out of the Group's control, such as natural calamities, fire, failure or malfunctioning of equipment and control systems, manufacturing defects of plants, damage, theft and other exceptional events. Any interruption could result in a reduction of revenues for the Group, and significant costs could be incurred by the Group in order to resume the production process.

The Group's investments in its renewable energy business may be subject to delays which could affect the implementation and operation of projects and result in higher costs and lower production for the Group. Any prolonged interruption of a project's construction or operation, cost overrun, delay in obtaining permits and authorisations or failure to generate the expected quantity of electricity could adversely affect the business, financial condition and results of operations of the Group. In addition, any failure by the Group to comply with regulations that require authorisations and permits could result in penalties, being required to pay back incentives and/or ineligibility for additional incentives. There is no assurance that the Group will be able to retain authorisations, licences and permits needed to comply with applicable regulations. In particular relevant concessions establish minimum level of water to be released by the hydro plants in the downstream rivers/lakes that are to be strictly complied with by the Issuer causing the risk of penalties or ultimately the risk of loss of concessions.

The Group often depends on state or local government policies and incentives to finance renewable energy projects. If any of these policies or incentives are adversely amended, delayed, withdrawn or reduced, or are not renewed at the end of the relevant expiry date, the Group may not be able to sustain the costs associated with these projects.

Furthermore, due to the intrinsic features of the sources used in this sector which are linked to the climatic conditions of the sites where hydroelectric and photovoltaic plants are located, the production of electricity experiences a high level of volatility.

Geographical concentration

A significant proportion of the Group's business is concentrated in the province of Trento in the north-east of Italy. Accordingly, although part of the Group'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 group'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 Group's financial condition and results of operations.

Risks relating to market liberalisation, resulting in greater competition

The sectors in which the Group operates have recently undergone a process of gradual liberalisation in the 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.

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 Group 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 business, financial condition and results of operations of the Group.

Risks relating to credit management

The Group 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 Group's receivables amounted to approximately € 362 and € 263 million respectively. The Group 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 Group's receivables amounted to € 19 million as at 31 December 2016 and € 24 million as at 31 December 2015. Notwithstanding the foregoing, there can be no assurance that the steps taken by the Group to manage and monitor credit risk are effective to limit the Group's exposure to losses, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to fluctuations in the prices of energy commodities

The Group is 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 Group's results through indexing mechanisms contained in pricing formulas. In order to manage its exposure to the energy markets, the Group implements appropriate hedging activities to stabilise cash flows generated by the global portfolio of assets and contracts and to protect 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 Group gives no assurance that the measures adopted by it 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 business, financial condition and results of operations of the Group.

Risks relating to legal proceedings or investigations by the authorities

In its ordinary course of business, the Group is part of certain civil and administrative judicial proceedings, both as plaintiff and as defendant. Each company of the Group has set aside in its financial statements risks provisions (“**Contingency Fund**”) to cover, *inter alia*, the liabilities that may arise, according to the in-house and external legal counsels, from the most significant legal proceedings. The amount of such provisions is budgeted also in the Group’s consolidated financial statements. As of December 31st, 2016, the Contingency Fund amounted to a total of Euro 19,715,000.00, and its itemized as follows: Euro 109,000.00 for the risk of legal proceedings, Euro 15,479,000.00 for the risk of losses in proceedings regarding municipal taxes on real property, and Euro 1,581,000.00 for the risk of disputes regarding the subsidized energy provided to irrigation consortia. The Contingency Fund does not cover the risks connected to proceedings which, however involving the Group, present a remote or non assessable chance of being lost. Furthermore, the Group may from time to time be subject to further litigations and investigations by taxation, antitrust and other authorities. However, the Group 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.

In addition, the Group 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.

Risks relating to insurance coverage

The Group 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) the Group 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 Group’s provisions for uninsured or uncovered losses will be sufficient to cover the full amount of any liabilities ultimately incurred.

Risks relating to skills and expertise and know how of the Group’s employees

The Group’s ability to operate its business effectively depends on the skills, know how and expertise of its employees. If the Group 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 business, financial condition and results of operations of the Group.

Risks relating to potential disputes with employees

Disputes with the Group’s employees may arise both in the ordinary course of the Group’s business or from one-off events, such as mergers and acquisitions or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Group. 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 Group from implementing its business strategy. This could adversely affect the business, financial condition and results of operations of the Group.

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

There is a risk that the Group's employees may breach anti-bribery legislation, the Group'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 Group's activities are kept under adequate control. Any defect or inadequacy in those systems could lead to losses being incurred by the Group, increases in financing costs and/or reductions in the value of the Group's assets, as well as damage to the Group's reputation, and could have material adverse impact on Group's business, financial condition and results of operations.

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.

Risks relating to management control systems

The Group 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 Group believes that this reporting system is currently adequate to allow its management team to make informed assessments of the Group's financial position and prospects. Nonetheless, the Group 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 Group 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 business, financial condition and results of operations of the Group.

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 business, financial condition and results of operations of the Group.

Risks relating to white certificates

Under the applicable legislation, the Group must achieve certain annual targets for energy saving, as determined by the decree of the Ministry of Economic Development of 28/12/2012 for the four years from 2013 to 2016 and Ministerial Decree 11 January 2017 for the period 2017-2020. For this purpose, the Group invests in the improvement of the energy efficiency of the technology and equipment it uses, in order to be granted so called "white certificates". If the Group is unable to obtain a sufficient number of "white certificates" to achieve the relevant annual target, it will need to purchase them on the market. Furthermore, if it then fails to deliver the required number of "white certificates" to the AEEGSI, it will be subject to a penalty imposed by the AEEGSI, in addition to having to purchase the missing number of "white certificates". The market price of "white certificates" can be volatile and may significantly increase.

In order to comply with its energy saving obligations, the Group intends to produce "white certificates" directly or to buy them on the market to meet the annual target. If the number of "white certificates" directly produced by the Group are lower than expected and/or if the price of "white certificates" continues to increase in the future, the Group will incur higher costs, which could adversely affect the business, financial condition and results of operations of the Group.

In addition, as a result of a change in interpretation of the relevant legislative provisions, a number of measures have been taken by the GSE (*Gestore dei Servizi Energetici* or Energy Services Operator), which is the public authority responsible for granting "white certificates", that have included: (i) blocking the granting of "white certificates" for projects already approved; (ii) annulling projects approved months or years before (on the basis that those projects did not comply with applicable legislation); and (iii) annulling "white certificates" as a result of unfavourable findings following inspections (only for "white certificates" bought on the market and not for those directly produced). The Group has not yet been at the receiving end of any of these measures but it cannot be ruled out that this will occur in the future.

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 Group'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 subsequent expected negotiations of its exit from the European Union could exacerbate financial market volatility. Finally, in Italy, there is a concern at present over the stability of its banking system. As a result, the Group'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.

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 subordinated obligations

The Notes constitutes direct, unconditional and unsecured subordinated obligations of the Issuer. If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors in full (including unsecured creditors) before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Notes. As a result, although Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent. In addition, the market price of the Notes may be more volatile than the market prices of unsubordinated debt securities and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

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

Notes with variable interest are subject to fluctuations in interest rate levels and can be volatile investments. In particular, there is no assurance that the amount of interest payable on such Notes will remain at any particular level.

The Notes contain no covenants, negative pledge, gross-up provisions or events of default

The Notes do not contain investor protection provisions that are typically seen in senior 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 Group may incur or requiring indebtedness to be maintained at certain levels. Similarly, the Conditions contain no negative pledge or other provisions restricting the giving of security by the Issuer or any of its subsidiaries in favour of other creditors. Neither do they provide for the payment of any additional amounts (so-called “grossing-up”) in the event that the Issuer is required to apply any withholding or deduction from payments of interest and principal to Noteholders for or on account of any present or future taxes, duties, assessments or other governmental charges required by law (see also “*Payments in respect of the Notes are subject to withholding tax*” below). Furthermore, the Conditions contain no events of default and, as a consequence, in the event of the Issuer being in financial difficulty, the options and bargaining power of Noteholders are likely to be significantly more limited in comparison to the Issuer’s other creditors.

The claims of Noteholders are structurally subordinated with respect to the Issuer’s subsidiaries

In addition, as the Issuer operates principally as a holding company, nearly all the operations of the Group are conducted through its subsidiaries. Noteholders will not have a claim against any subsidiary of the Issuer and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are subordinated or unsubordinated.

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.

Payments in respect of the Notes are subject to withholding tax

Interest and any other proceeds paid to Noteholders under the Notes are subject to withholding tax pursuant to section 26 of Presidential Decree No. 600 of 29 September 1973. The Issuer is not obliged to make gross up payments and, accordingly, Noteholders should expect to receive less interest than the amount payable to them under the Conditions. 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 national, regional or local tax laws of any country or territory. For further information, see Article 11 (*Taxation*) of the Conditions.

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.

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 Group's annual and 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 Group.

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 consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016; and
- (ii) the audited consolidated annual financial statements of the Issuer 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:

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

http://www.gruppodolomitienergia.it/upload/ent3/1/DEH_Financial_Statements_2016.pdf.

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

http://www.gruppodolomitienergia.it/upload/ent3/1/DE_Financial_Statements_2015.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.

Consolidated annual financial statements 2015

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Consolidated annual financial statements 2016

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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.

For some further background to the admission to the trading and listing of the Notes and their original issue, see “General Information – Further Information on the Notes” on page 49.

DOLOMITI ENERGIA HOLDING S.p.A.
“€7,540,000 Subordinated Floating Rate Notes due 2022”

AGGREGATE PRINCIPAL AMOUNT €7,540,000

ISIN CODE IT0004576580

Dolomiti Energia Holding S.p.A.

**(formerly Dolomiti Energia S.p.A., company name amended by the Extraordinary Shareholders’ meeting on 29 April 2016 Roll No. 28505/12680 by Notary Public Mrs Fochesato in Rovereto)
registered office: Rovereto (TN) Italy, via Manzoni, 24**

Corporate object: the Company’s purpose is the organisation of technical, economic, financial and human resources for the acquisition, planning, management, construction and selling of electric power plants, as well as for the undertaking, management and provisions of services in the energy, ecological and telecommunication sectors, in the municipalities of the Region of Trentino Alto Adige and in every other place of interest to it, including abroad, either directly or indirectly.

**Tax Code, VAT Number and Register Number in the Companies’ Register of Trento:
01614640223**

Share Capital fully paid-in: €411,496,169

Reserves: €103,183,992

The notes are regulated by the following terms and conditions and, where not expressly stated herein, by Article 2410 *et seq.* of the Italian Civil Code providing for rules and regulations applicable to notes issued by companies limited by shares.

Art. 1 – Aggregate principal amount of issue, denomination and form of notes

The notes of an aggregate principal amount of €7,540,000 (Euro seven million five hundred forty thousand) and known as “Dolomiti Energia Holding S.p.A. €7,540,000 Subordinated Floating Notes due 2022” (the “**Notes**”) are issued under a resolution of the Board of Directors of Dolomiti Energia Holding S.p.A. (formerly Dolomiti Energia S.p.A.) (the “**Issuer**”) on 2 February 2010, pursuant to Article 2410 *et seq.* of the Italian Civil Code, as amended by resolutions passed at Noteholders’ meetings on 1 February 2017 and 30 June 2017.

Originally issued on the Issue Date (as defined in Article 3 below) in an aggregate principal amount of €30,000,000 (Euro thirty million) consisting of 600 notes in bearer form, each in denominations of

€50,000 (Euro fifty thousand), as at 30 June 2017 the Notes consist of 50 notes in bearer form, each in denominations of €150,800 (one hundred fifty thousand, eight hundred).

On the Settlement Date (as defined in Article 3 below) the Issuer shall proceed with the acceptance of the Notes for centralised clearing with Monte Titoli S.p.A. pursuant to Legislative Decree No. 213 of 24 June 1998 as subsequently amended, and pursuant to the Consob and Bank of Italy Joint Regulation of 22 February 2008 regulating central depositories, clearing services, guarantee systems and related operating companies. Accordingly, for so long as the Notes are held in book entry form with the central securities depository and management system operated by Monte Titoli S.p.A., the transfer of the Notes and the exercise of financial rights attaching to them shall be executed solely through intermediaries participating in the clearing system operated by Monte Titoli S.p.A. and the holders of the Notes (the "**Noteholders**") shall not be entitled to request delivery of any physical document of title representing the Notes. The above is without prejudice to the right to request the issue of a certificate in accordance with Article 85 of Legislative Decree No. 58 of 24 February 1998 and Article 31(1), letter (b) of Legislative Decree No. 213 of 24 June 1998.

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.

Art. 2 – Issue price

The Notes are issued at a price of 100% of their aggregated principal amount and, accordingly, at a price of €50,000 (Euro fifty thousand) for each Note with an aggregated principal amount of €50,000 (Euro fifty thousand).

Art. 3 – Settlement date

The Notes are issued and held from 10 February 2010 (the "**Issue Date**" and the "**Settlement Date**"). The subscription period for the Notes closes on 10 February 2010 and settlement occurs on 10 February 2010.

Art. 4 – Duration

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

Art. 5 – Interest

The Notes bear interest as follows:

- (a) from (and including) the Settlement Date to (but excluding) the Third Partial Redemption Date at an interest rate of 4.10 per cent. per annum (the "**Initial Fixed Rate of Interest**");
- (b) from (and including) the Third Partial Redemption Date to (but excluding) the Fourth Partial Redemption Date at an interest rate of 1.50 per cent. per annum (such rate, including the Initial Fixed Rate of Interest, the "**Fixed Rate of Interest**"); and
- (c) from (and including) the Fourth Partial Redemption Date to (but excluding) the Maturity Date, at a floating rate per annum equal to 3-month Euribor (the "**Reference Rate**"), plus a margin (the "**Margin**") of 165 basis points (the "**Floating Rate of Interest**").

Interest is payable quarterly in arrear on 10 February, 10 May, 10 August and 10 November each year (each, an **"Interest Payment Date"**) accruing from (and including) the Settlement Date to (but excluding) the Maturity Date, with the last payment to be made on the Maturity Date.

If the due date for any payment of interest does not fall on a business day under the TARGET calendar (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 (as defined below), it being understood that no such deferral will give rise to any deferral of subsequent Interest Payment Dates.

"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 Settlement Date to (but excluding) the first Interest Payment Date.

The amount of interest in respect of each Interest Period to which a Fixed Rate of Interest is applicable (the **"Fixed Rate Interest Amount"**) shall be calculated on an Actual/Actual unadjusted basis and, accordingly, the Fixed Rate Interest Amount shall be the amount resulting from applying the relevant Fixed Rate of Interest to the aggregate principal amount of the Notes, multiplied by the actual number of days in the Interest Period, all divided by the number of actual days in the year, rounded to the nearest cent. (with 0.005 Euro being rounded up to the nearest cent).

The amount of interest in respect of each Interest Period to which the Floating Rate of Interest is applicable (the **"Floating Rate Interest Amount"**) shall be calculated on an Actual/360 unadjusted basis and, accordingly, the Floating Rate Interest Amount shall be the amount resulting from applying the relevant Floating Rate of Interest to the aggregate principal amount of the Notes, multiplied by the actual number of days in the Interest Period, all divided by 360, rounded to the nearest cent. (with 0.005 Euro being rounded up to the nearest cent).

The Floating Rate of Interest shall be calculated as the sum of the Reference Rate and the Margin, *provided, however, that* if the calculation of the Reference Rate results in a negative amount, the Reference Rate shall be deemed to be zero. The Reference Rate shall be determined by the Issuer by reference to the rate provided by the European Money Markets Institute (or any successor entity) and published on its website (www.emmi-benchmarks.eu) (or on such other screen page as is used to publish such rate) at 11.00 a.m. (Brussels time) on the second Business Day prior to the first day of the relevant Interest Period (the **"Determination Date"**). If on the Determination Date it is not possible, for any reason, to determine the Reference Rate in the manner described above, the Issuer shall request quotations from five major banks in the Euro-zone inter-bank market of the rates at which deposits in euro (with quarterly duration) are offered to prime banks in the Euro-zone inter-bank market at approximately 11.00 a.m. (Brussels time) on the Determination Date and determine the arithmetic mean of the quotations thereby provided, discarding the lowest and highest quotation. If fewer than two quotations are provided, the Floating Rate of Interest for the relevant Interest Period will be the same rate as that applied to the previous Interest Period.

The Notes will cease to bear interest on the Maturity Date. The amounts of coupons do not bear interest.

Art.6 – Redemption

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

- 10% of the total number of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each investor, on 10 February 2015 (the **"First Partial Redemption"**);

- 10% of the total number of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each investor, on 10 February 2016 (the "**Second Partial Redemption**");
- the sum of €27,000 of the then aggregate principal amount of each outstanding Note shall be repaid on 10 February 2017 (the "**Third Partial Redemption**");
- the sum of €49,764 of the then aggregate principal amount of each outstanding Note shall be repaid on 10 August 2017 (the "**Fourth Partial Redemption**");
- the outstanding amount will be repaid in a single payment on the Maturity Date.

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

Save as provided under Article 7 below, the Noteholders are not entitled to request early redemption of the Notes.

Art. 7 – Early redemption

By written notice addressed to Monte Titoli S.p.A. at least 180 (one hundred and eighty) days before 10 February 2014, the Issuer and each Noteholder are entitled to give notice to each other of their intention to redeem early or to require early redemption in full of the Notes on 10 February 2014, without payment of any fee or penalty for early termination.

Following early redemption, the redeemed Notes shall cease to bear interest.

Art. 8 – Status of the Notes

The Notes are subordinated to all other present and future unsecured indebtedness of the Issuer.

Art. 9 – Centralised administration service

The payment of interest and the redemption of the Notes shall be carried out solely through authorised intermediaries, both Italian and foreign, participating in Monte Titoli S.p.A..

Art. 10 – Prescription and time limits

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

Art. 11 – Taxation

Taxes and duties, present and future which, by law, are applicable to the Notes and/or to the relevant interest, premium and other forms of income are payable by Noteholders.

Pursuant to section 26 of Presidential Decree No. 600 of 29 September 1973, interest and other proceeds paid to Noteholders are subject to application by the Issuer of a withholding tax of 27%. Withholding tax of 27% shall be applied, instead of the lower withholding rate of 12.5%, on the basis that, at the time of issue, the actual yield of the Notes shows a rate higher than the official reference rate multiplied by one and two thirds.

Such withholding tax is applied by way of advance payment on behalf of: a) individual entrepreneurs (*imprenditori individuali*) if the securities, deposits and current accounts, as well as the relationships from which the interest and other proceeds arise, are related to a business activity pursuant to Presidential Decree No. 917 of 22 December 1986 (the "**Consolidated Income Tax Act**"); b) partnerships (*società in nome collettivo*), limited partnerships (*società in accomandita semplice*) and equivalent organisations pursuant to Article 5 of the Consolidated Income Tax Act; c) companies and entities falling within letters a) and b) of Article 73 of the Consolidated Income Tax Act and permanent establishments (*stabili organizzazioni*) located within the territory of the Republic of Italy of companies and entities falling within letter d) of the above-mentioned Article 73.

The aforesaid withholding is applied as a final tax to entities exempt from corporation tax and in any other case.

The payment of withholding will be made by the Issuer.

Capital gains made from the sale or redemption of Notes, other than those made in the course of business, are subject to a substitute tax in place of income tax at a rate of 12.5% pursuant to Legislative Decree No. 461 of 21 November 1997, as amended and supplemented ("**Legislative Decree No. 461/1997**"), in the manner and in the circumstances provided for under the same Legislative Decree No. 461/1997.

Art. 12 – Governing law and jurisdiction

The Notes are governed by Italian law.

The court of Trento has exclusive jurisdiction to settle any dispute between the Issuer and the Noteholders arising out of, or in connection with, the Notes or with these Terms and Conditions.

Art. 13 – Miscellanea

Unless otherwise provided, all notices from the Issuer to the Noteholders shall be deemed to be valid if made through Monte Titoli S.p.A.

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

DESCRIPTION OF THE ISSUER

INFORMATION ABOUT THE ISSUER

History and development of the Issuer

Dolomiti Energia Holding S.p.A. (“**Dolomiti Energia Holding**” or the “**Issuer**”) is a joint-stock company (*società per azioni*) duly incorporated and operating under the laws of the Republic of Italy, with registered office in via Manzoni no. 24 – 38068 Rovereto (TN – ITALY), Tax Code, VAT identification Code and Registration with the Companies’ Registry of Trento no. 01614640223 (Economic Administrative Index TN – 164864). The Issuer may be contacted by telephone at 0039.0464.456.111, by fax at 0039.0464.456.222 and by e-mail and certified e-mail at the following addresses: info.holding@dolomitienergia.it and info.holding@cert.dolomitienergia.it.

Dolomiti Energia Holding was incorporated on 2 July 1998 and was registered with the Companies’ Registry of Trento on 17 September 1998. Pursuant to the company by-laws its term ends on 31 December 2050, unless reduced or extended by a resolution of the Shareholders’ meeting.

As of 1 May 2016 the name of the Issuer was changed from “*Dolomiti Energia S.p.A.*” to “*Dolomiti Energia Holding S.p.A.*”, pursuant to the resolution of the Shareholders’ meeting dated 29 April 2016.

As far as Dolomiti Energia Holding is aware, there are no recent events particular to the Issuer which are to a material extent relevant to the Issuer’s solvency.

BUSINESS OVERVIEW

Principal Activities

The Issuer is a major multi-utility provider, with a deeply-rooted presence in northern Italy - in particular in Trentino – aiming to strongly expand its network throughout the entire national market.

Dolomiti Energia Holding is responsible for activities relating to its role as a holding company, consolidating and developing innovative tools to enable it to manage the dynamics and future growth of the Dolomiti Energia Group (also the “**Group**”), one of Italy’s most important multi-utility groups.

Consistently with the corporate purpose described in the company by-laws, the Issuer’s business includes the organization of technical, economic, financial and human means and resources for the construction and management of plants, as well as the management and supply of services in the energy and ecological sectors, in Italy and abroad.

Among the services and activities carried out by the Issuer’s consolidated subsidiaries are, by way of example: (i) the purchase, import, production, transportation and supply of electric energy, (ii) the purchase, import, storage, supply and sale of natural gas and in general liquefied petroleum gas, (iii) the collection and transportation of waste, (iv) the supply of global service activities in favour of public and private entities, (v) the management of the entire water cycle, from overseeing the aqueduct to carrying out chemical, physical and bacteriological analysis, (vi) the supply of district heating, (vii) the transportation of goods on behalf of third parties.

Main Business Areas

The Group is active throughout the entire energy chain (production, distribution and supply of electric energy, distribution and supply of natural gas, cogeneration and district heating), in the water cycle (drinkable water, sewers and purification), in managing and providing urban hygiene services (collection, and disposal of waste, street sweeping, laboratory analysis), in providing public lighting services, and in the field of renewable energies.

Below is a list of the Group's main business areas and relevant segments:

- Electric Energy;
 - management of production plants;
 - maintenance and remote management and control of the distribution grid;
 - retail and wholesale;
 - public lighting;
 - trading.
- Natural Gas;
 - procurement;
 - odorization;
 - maintenance and remote management and control of the distribution grid;
 - distribution and supply;
 - retail and wholesale.
- Water Cycle;
 - uptake and treatment;
 - management of wells and springs;
 - processes to make water drinkable;
 - maintenance and remote control of the distribution grid, the tanks and the pumping systems;
 - management of the sewage purification plants (sewers, lifting stations, purification plants).
- Environment;
 - street sweeping and washing;
 - cleaning public areas;
 - selective collection of waste, and collection of special waste products;
 - transportation to the recycling plants;
 - management of the collection facilities and zonal facilities;
 - laboratory analysis;
 - management of the non-dangerous waste dump in Ischia Podetti – Trento.
- Heat and Cooling;
 - heat distribution and supply;
 - sale of pressurized steam for industrial activities, district heating, and district cooling.

The Group's financial statements as at 31 December 2016 show how, provided the consolidated Group revenues amounting to Euro 1,297,761,000.00 (one billion two-hundred ninety-seven million seven-hundred sixty-one thousand), the revenues deriving from the electric energy and natural gas areas alone amount respectively to Euro 1,028,525,000.00 (one billion, twenty-eight million five-hundred twenty-five thousand) and Euro 198,429,000.00 (one hundred ninety-eight million four-hundred twenty-nine thousand).

Given the aforesaid, here below is a brief description of the two business area granting nearly 80% (electric energy) and 15% (natural gas) of the Group's total revenues.

Electric Energy

The investments of the Group in electric energy for the financial year ended as at 31 December 2016 amount to around Euro 22 (twenty-two) millions.

The total electric energy produced by the companies of the Group during 2016 by means of hydroelectric, cogeneration and photovoltaic plants as well as the turbo-gas plant in Ponti sul Mincio (in which the Group has a small minority shareholding) amounts to 2,073 GWh (1,797.2 GWh in 2015), 1,970 GWh of which have been obtained from hydroelectric sources.

The main subsidiaries involved in the production of electric energy are Hydro Dolomiti Energia S.r.l., Dolomiti Edison Energy S.r.l. and SF Energy S.r.l..

The Group is a leading company also in the distribution of electric energy. In 2016 the Group has distributed over 2,430 GWh to 207 municipalities in Trentino (ITA) through its subsidiary SET Distribuzione S.p.A..

The relevant distribution grid, thereby including sub-stations, aerial lines, buried lines and zonal cabins, covers km 10,684- (ten-thousand six-hundred eighty-four), while reaching 310,300- (three-hundred ten-thousand three-hundred) connected clients.

In 2016 the Group has further sold approximately 4,400 GWh of electric energy to a total of 434,000- (four-hundred thirty-four thousand) final users, while the number of clients served on the free market has reached approximately 219,000- (two-hundred nineteen thousand) units, compared to the 171,000- (one hundred seventy-one thousand) units in 2015. A primary role in the marketing and sale of electric energy is played by the subsidiary Dolomiti Energia S.p.A..

Natural Gas

The investments of the Group in natural gas for the financial year ended as at 31 December 2016 amount to around Euro 6,5 (six, five) millions, and pertain mainly to (i) the extraordinary maintenance of the existing plants and the distribution grid, (ii) the installation of new generation electronic gas-meters, and (iii) the expansion of the distribution grid to the municipalities of Brentino Belluno, Predaia and others.

The distribution and supply of natural gas is granted by a grid of approximately km 2,357- (two-thousand three-hundred fifty-seven), through the subsidiary Novareti S.p.A. (formerly "Dolomiti Reti S.p.A."). The distribution grid reaches 89- (eighty-nine) municipalities in Trentino, as well as 2- municipalities outside the Trentino region (Brentino Belluno and Salorno), and over 155,000- (one hundred fifty-five thousand) connected clients in Valle dell'Adige, in Valsugana and Tesino, in Valle di Non, in Valle dei Laghi and on the Altipiano della Paganella, in the vallies of Cembra Fiemme and Fassa, in the municipality of Cavalese and on the uplands of Folgaria, Lavarone and Luserna.

Throughout 2016 the Group distributed a total of 279 (two hundred seventy-nine) million cubic meters of natural gas.

During the same period the sale of natural gas has reached 473 (four hundred seventy-three) million m³ and overall 178,200 (one hundred seventy-eight thousand two hundred) final users.

Group Strategies

The Group has shaped its business goals and development strategies according not only to a (prevalently) local perspective, but also to an extra-regional and national market view. Indeed, as mentioned above, during the past years the Group has been expanding its electric energy and natural gas grids also outside Trentino, while selling energy to an increasing number of clients on the free market.

In order to achieve its goals, the Group has identified specific strategic guide-lines:

- to identify, promote and intensify the synergies with its business partners with regards to the energy products supply policy, the development of economies of scale, the participation in investments pertaining to electric energy production and technological development;
- to increase the capacity of electric energy production, also through equity interests;
- to promote together with its business partners, cooperation and integration initiatives with the local competitors and with competitors outside the region.

The mission, the values and the aims of the Group are strongly influenced by the public utility nature of the Group's activities, from respecting the applicable laws and using natural and local resources.

The Group has also a green vocation, and is particularly careful in combining its business goals with a strong social and environmental awareness. The reasons for this lies in the strong link of the Group to the geographical area in which it carries out the most part of its activities: Trentino.

The Group goal is therefore to develop new sustainable initiatives that meet the local communities' energy needs, and to closely monitor the specific activities which may have a non-insignificant impact on the environment, in order to ultimately reduce it.

The Group has become in time one of the first producers in Italy of electric energy obtained from hydroelectric sources. The hydro-electric energy plants allow to produce eco-compatible energy without the emission of polluting substances and with a low environmental impact, while using a renewable energy source: water. Furthermore, the water used in the production of electric energy, once employed, is not consumed but released in the environment without deteriorations.

This policy has led to 95% (1,970 GWh out of total 2,073.0 GWh) of the overall electric energy produced by the Group in 2016 being obtained from hydroelectric energy plants.

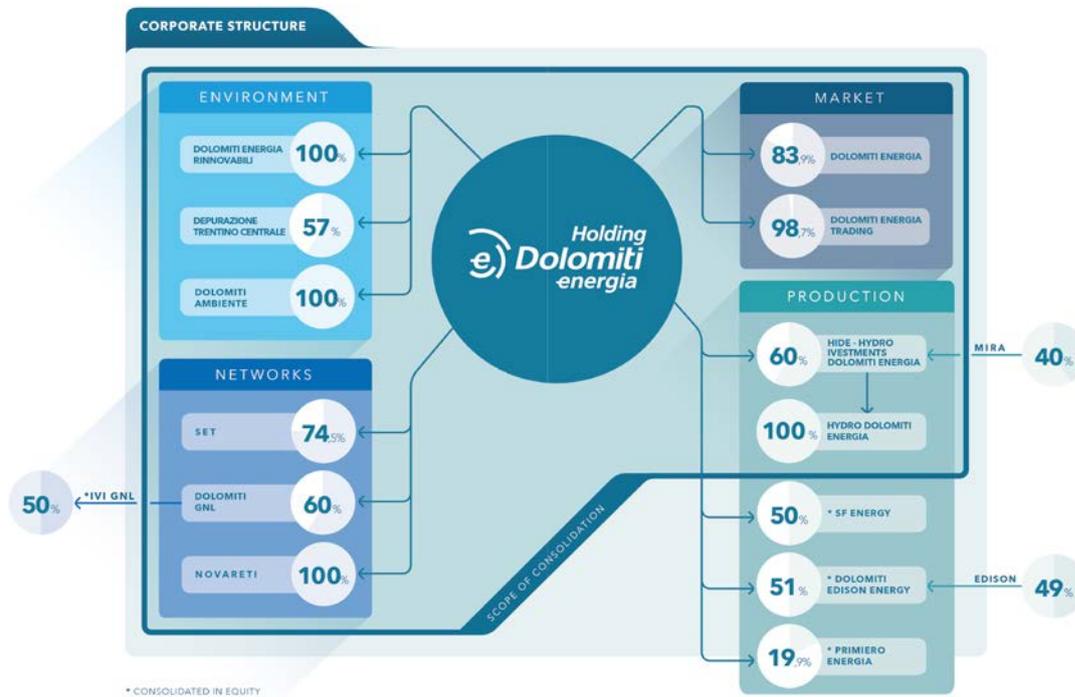
Market Position

The Group, with a consolidated production value registered in 2016 of approximately Euro 1,4 billion and its 612,000 (six hundred twelve thousand) clients, is considered a large size multi-utility company, and is listed among the first eleven providers of electric energy and natural gas in Italy.

The main competitors are other national and international producers and suppliers of electric energy and/or natural gas, the most important of which are Enel Energia (9 mln. clients) and ENI (8 mln. clients), followed at distance by HeraComm (2,1 mln. clients) and others.

ORGANISATIONAL STRUCTURE

The following chart illustrates the Group structure as at 31 December 2016:



* Chart to be completed with the further addition of Dolomiti Energy Saving S.r.l., as identified here below. It shall also be noted that SF Energy S.r.l. is the result of a 50/50 % partnership with the Alperia Greenpower Group.

The Issuer

The Issuer is the parent company of the Group, and carries out the management, coordinating and supervisory activities (“attività di direzione e coordinamento”) relating to such role, while directing the subsidiaries’ activities to the collective pursue of the Group’s goals and strategies.

Main Subsidiaries, Affiliates and Partnerships

Here below is a brief description of the Issuer’s main subsidiaries, affiliates and partnerships:

- *Dolomiti Trading S.r.l.* (Rovereto - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 2,000,000.00 (two millions) fully paid and owned 100% by Dolomiti Energia Holding. The company was put into liquidation on 30 June 2016 and has ceased its activities on 30 September 2016;
- *Dolomiti Energia Rinnovabili S.r.l.* (Trento - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 30,000.00 (thirty-thousand) fully paid and owned 100% by Dolomiti Energia Holding. The company is active in the manufacture of photovoltaic and geothermal plants, and in heat management;
- *Novareti S.p.A.* (formerly “Dolomiti Reti S.p.A.”) (Rovereto - ITA), a joint stock company (*società per azioni*) duly incorporated under the laws of the Republic of Italy, with a share

capital of Euro 28,500,000.00 (twenty-eight millions five-hundred thousand) fully paid and owned 100% by Dolomiti Energia Holding. The company is active in the distribution of gas, cogeneration and district heating, and in the management of the integrated water cycle;

- *Dolomiti Energia S.p.A.* (formerly “Trenta S.p.A.”) (Trento - ITA), a joint stock company (*società per azioni*) duly incorporated under the laws of the Republic of Italy, with a share capital of Euro 20,200,000.00 (twenty millions two-hundred thousand) fully paid: Dolomiti Energia Holding owns 83.87% of the relevant shares. The company is active in the sale and marketing of electric energy, gas, heat towards final users, and in the management of invoicing and customer services relating to water cycle and urban hygiene;
- *SET Distribuzione S.p.A.* (Rovereto - ITA), a joint stock company (*società per azioni*) duly incorporated under the laws of the Republic of Italy, with a share capital of Euro 112,241,177.00 (one hundred twelve million two hundred forty-one thousand one hundred seventy-seven) fully paid: Dolomiti Energia Holding owns 74.52% of the relevant shares. The company is active in the local distribution of electric energy;
- *Dolomiti Energia Trading S.r.l.* (formerly “Multiutility S.p.A.”) (Trento - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 2,478,429.00 (two millions four hundred seventy-eight thousand four hundred twenty-nine) fully paid: Dolomiti Energia Holding owns 98.72% of the relevant interests. The company is the trader of the Group and operates in the field of the wholesale of electric energy deriving from renewable sources and of natural gas;
- *Depurazione Trentino Centrale S.Cons. a r.l.* (Trento - ITA), a limited liability consortium (*società consortile a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 10,000.00 (ten thousand) fully paid: Dolomiti Energia Holding owns 57% of the relevant interests. The company manages purifications plants;
- *Hydro Investments Dolomiti Energia S.r.l.* (Rovereto - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy on 15 February 2016, with a corporate capital of Euro 2,000,000.00 (two millions) fully paid: Dolomiti Energia Holding owns 60% of the relevant interests. The company is indirectly active, through the purchase of interests, in the production, purchase and sale of hydroelectric energy, as well as in the management of energy plants.

As to how the company was incorporated, please note that:

- on 29 February 2016 Enel Produzione transferred its interests in Hydro Dolomiti Enel to Fedaia Holdings, a company fully owned by Macquarie Infrastructure Fund 4 and managed by Macquarie Infrastrutture and Real Asset Europe Limited;
 - Fedaia Holdings and Dolomiti Energia Holding had previously agreed to jointly purchase 49% of the interest in Hydro Dolomiti Enel as follows: 40% Fedaia Holdings and 9% Dolomiti Energia Holding;
 - in order to implement the aforesaid agreements and overall transaction, the interested parties came to the incorporation of the newco Hydro Investments Dolomiti Energia S.r.l. and the following purchase of a quota representing 100% of the corporate capital of Hydro Dolomiti Energia S.r.l. (formerly “Hydro Dolomiti Enel”);
- *Dolomiti GNL S.r.l.* (Trento - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 600,000.00 (six hundred thousand) fully paid: Dolomiti Energia Holding owns 60% of the relevant interests. The company focuses on the manufacture of storage facilities for liquid

natural gas, and of infrastructures for the distribution of gas to users not reached by the methane gas distribution grid;

- *IVI GNL S.r.l.* (Santa Giusta – ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 100,000.00 (one hundred thousand) fully paid: Dolomiti GNL S.r.l. owns 50% of the relevant interests. The company is active in the manufacture of facilities and plants for the storage and supply of natural gas;
- *Dolomiti Ambiente S.r.l.* (Rovereto - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 2,000,000.00 (two millions) fully paid and owned 100% by Dolomiti Energia Holding. The company operates locally providing services in the environmental hygiene field;
- *Hydro Dolomiti Energia S.r.l.* (Trento - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 3,000,000.00 (three million) fully paid: as at 31 December 2016 Hydro Investments Dolomiti Energia S.r.l. owns 100% of the relevant interests. Hydro Dolomiti Energia S.r.l. is active in the production of electric energy deriving from hydroelectric sources;
- *Dolomiti Energy Saving S.r.l.* (Rovereto - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 100,000.00 (one hundred thousand) fully paid: Dolomiti Energia Holding owns 100% of the relevant interests. The company is active in the energy efficiency market and provides marketing, diagnosis and design services pertaining to the energy efficiency of local companies;
- *Dolomiti Edison Energy S.r.l.* Trento - ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 5,000,000.00 (five million) fully paid: Dolomiti Energia Holding owns 51% of the relevant interests. The company is active in the production of electric energy from renewable energy sources by means of five hydroelectric plants;
- *SF Energy S.r.l.* (Rovereto – ITA), a limited company (*società a responsabilità limitata*) duly incorporated under the laws of the Republic of Italy, with a corporate capital of Euro 7,500,000.00 (seven million five hundred thousand) fully paid: Dolomiti Energia Holding owns 50% of the relevant interests. The company is the *concessionaire* of the hydroelectric plant of San Floriano (Egna).

Corporate Governance

The Group is organized according to the following principles:

- the primary decision-making processes are assigned to the specific corporate bodies, while the support and managing processes are centralized in the corporate and organizational structure of the parent company;
- the Group carries out its coordinating and control activities on the basis of three-year strategic plans, which translate into annual budgets. Such budgets, in turn, serve as a framework for the planning, the assessment and the approval of the activities of the individual companies. The annual budgets are further monitored on a monthly basis and subject to quarterly reports addressed to the relevant board of directors;
- the subsidiaries' boards of directors reflect the aim to coordinate and direct the Group activities, and are consistent with the Group's business;

- the corporate structure, the hierarchy lines and the allocation of responsibilities, powers and duties is inspired by a system of checks and balances among the companies' corporate bodies and offices. More specifically, the Group operates through a managing and control system designed to ensure the adequacy, efficiency and effectiveness of the organization, management and control model in line with the applicable laws. Each corporate body (shareholders' meetings, boards of directors, executive committees, boards of statutory auditors, supervisory bodies, etc.) concurs in supervising, managing, coordinating and controlling the Group's governance structure;
- the governance and organization system of the Group is based on the separation of the activities subject to the accounting and functional unbundling laws.

The Group, in order to ensure fairness and ethics in carrying out its business activities, has adopted an organization, management and control model (the "**Organization Model**") pursuant to Legislative Decree no. 231/2001 on corporate liability. The Group has therefore established an internal and permanent supervisory board (*organismo di vigilanza*) with the powers to oversee and verify the implementation of the Organization Model, thereby including specific protocols and procedures designed to control "sensitive" corporate areas and prevent the commission of offenses – among which corporate crimes and crimes against the Public Authority – as set forth under Legislative Decree no. 231/2001 and identified in the Organization Model.

The supervisory board is currently composed by: Mr. Giacomo Manzana (Chairman), Mr. Silvio Malossini and Ms. Stefania Condini.

The Group has also adopted a code of ethics (the "**Code of Ethics**") with the aim to set and share the ethical principles and precise behavioral criteria to be abided by all board members, managers, officers, employees, consultants and any other person operating in the interest and/or on behalf of the Group or one or more of its companies.

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

Board of Directors

Pursuant to the company by-laws, the Issuer's administrative body is represented by a board of directors ("**Board**") composed of 12 (twelve) members. Each Board member remains in office three consecutive years, or the shorter period determined by resolution of the Shareholders' meeting, and may be re-elected.

The term of the current Board is set for the date of the Shareholders' meeting scheduled to approve the financial statements as at 31 December 2017.

The Board, as a collective body, is granted all ordinary and extraordinary managing powers, without prejudice to the limitations provided for under the by-laws and/or the applicable laws, and provided the possibility to grant specific powers to further managing bodies/offices.

Pursuant to resolution by the Shareholders' meeting dated 30 April 2015, the Board called for the same date has appointed an Executive Committee and a Managing Director, thereby defining the respective powers and the relation of both bodies with the Board.

The term of the Executive Committee coincides with that of the Board.

In light of the above, the Issuer's Board is currently composed as follows:

Name	Office / Position in DEH	Positions / Activities in other Companies
Mr. Rudi Oss	Chairman and Member of the	- <i>Dolomiti Energia S.p.A.</i> :

	Board Member of the Executive Committee	Chairman and Member of the Board - <i>Hydro Dolomiti Energia S.r.l.</i> : Chairman and Member of the Board - <i>Hide S.r.l.</i> : Chairman and Member of the Board - <i>Pvb Bulgaria</i> : Chairman
Mr. Marco Merler	Member of the Board Managing Director Member of the Executive Committee	- <i>Dolomiti Energia S.p.A.</i> : CEO and Member of the Board - <i>Dolomiti Energia Trading S.p.A.</i> : Chairman and Member of the Board - <i>Hydro Dolomiti Energia S.r.l.</i> : CEO and Member of the Board - <i>Hide S.r.l.</i> : Member of the Board - <i>Isa S.p.A.</i> : Standing Auditor - <i>Bio Energia Fiemme S.p.A.</i> : Member of the Board - <i>Ags S.p.A.</i> : Member of the Board - <i>Dolomiti Edison Energy S.r.l.</i> : Chairman and Member of the Board - <i>Bio Energia Trentino S.r.l.</i> : Member of the Board - <i>Dolomiti Energy Saving S.r.l.</i> : Chairman and Member of the Board
Mr. Diego Cattoni	Member of the Board Vice-Chairman of the Board Member of the Executive Committee	- <i>Signal S.p.A.</i> : CEO and Member of the Board - <i>Oikos GmbH Berlino</i> : Managing - <i>Ft Energia S.p.A.</i> : Managing Director - <i>Toxon S.p.A.</i> : Chairman - <i>Coster Tecnologie Speciali S.p.A.</i> : Member of the Board - <i>Dolomiti Edison Energy S.r.l.</i> : Member of the Board - <i>Aquila Basket S.r.l.</i> : CEO
Mr. Giorgio Franceschi	Member of the Board Member of the Executive Committee	- <i>Dedalo Esco S.p.A.</i> : Member of the Board - <i>035 Investimenti S.p.A.</i> : Member of the Board - <i>Terme E Grandi Alberghi Sirmione S.p.A.</i> : Member of the Board - <i>Inbre S.p.A.</i> : Member of the Board - <i>Nuovi Assetti Urbani S.p.A.</i> : Member of the Board - <i>Iniziativa Bresciane Partecipazioni S.p.A.</i> : Member of the Board - <i>Botzen Invest Euregio Finance Ag</i> : Member of the Board, Vice-Chairman of the Board and Member of the Executive Committee

		<ul style="list-style-type: none"> - <i>Castello Sgr S.p.A.:</i> Member of the Board, Vice-Chairman of the Board and Member of the Executive Committee - <i>Isa S.p.A.:</i> Member of the Board, Managing Director and Member of the Executive Committee - <i>Investimenti Immobiliari Atesini S.r.l.:</i> Member of the Board and Vice-Chairman of the Board - <i>Calisio S.p.A.:</i> Member of the Board and CEO - <i>Iniziativa Finanziarie Atesine S.r.l.:</i> Member of the Board, Managing Director and Vice-Chairman of the Board - <i>Nummus.Info S.p.A.:</i> Vice-Chairman of the Board and Member of the Board - <i>Compagnia Investimenti E Sviluppo S.p.A.:</i> Member of the Board
Mr. Agostino Peroni	Member of the Board Member of the Executive Committee	<ul style="list-style-type: none"> - <i>Sandoz Industrial Products S.p.A.:</i> Special Attorney - <i>Set Distribuzione S.p.A.:</i> Chairman of the Board - <i>Findolomiti Energia S.r.l.:</i> Chairman of the Board
Mr. Leo Paolaz Nicolussi	Member of the Board	<ul style="list-style-type: none"> - <i>Cassa Rurale Degli Altipiani – Banca Di Credito Cooperativo:</i> Member of the Board - <i>Mediocredito Trentino Aa S.p.A.:</i> Special Attorney
Ms. Marisa Zeni	Member of the Board	<ul style="list-style-type: none"> - <i>Eurostandard S.p.A.:</i> Chairman and CEO - <i>Smc Società Consortile:</i> Member of the Board - <i>Sf Energy S.r.l.:</i> Member of the Board
Mr. Floriano Migliorini	Member of the Board	<ul style="list-style-type: none"> - <i>Ledro Energia S.r.l.:</i> Chairman - <i>Civ S.p.A.:</i> Managing Director - <i>Mi.Ped S.r.l.:</i> Chairman
Mr. Renato DalPalù	Member of the Board	<ul style="list-style-type: none"> - <i>Coop Italia Società Cooperativa:</i> Member of the Board - <i>C.L.E. Soc.Coop.:</i> Standing Auditor - <i>Pharmacoop Adriatica S.p.A.:</i> Member of the Board - <i>Sait Consorzio Delle Cooperative Di Consumo Trentina Soc. Coop.:</i> Chairman, Member of the Board and Member of the Executive Committee - <i>Federazione Trentina Della Cooperazione Soc. Coop.:</i> Member of the Board and Member of the

		<p>Executive Committee</p> <ul style="list-style-type: none"> - <i>Tecnoclima S.p.A.:</i> Standing Auditor - <i>Spazio Verde Soc. Coop.Agricola:</i> Member of the Board - <i>Procar S.r.l. in liquidazione:</i> Chairman and Standing Auditor - <i>Cantina Vini Armani A. S.r.l.:</i> Auditor - <i>Vales Soc. Coop.:</i> Member of the Board - <i>Metal Center S.r.l.:</i> Alternate Auditor - <i>Coopersviluppo S.p.A.:</i> Chairman and Member of the Board - <i>Ninz S.p.A.:</i> Chairman and Standing Auditor - <i>Alisei Soc. Coop. Sociale:</i> Member of the Board - <i>Fivep S.p.A.:</i> Standing Auditor - <i>Enercoop S.r.l.:</i> Chairman - <i>Fincoop Trentina S.p.A.:</i> Chairman and Member of the Board - <i>Primiero Sviluppo S.r.l.:</i> Chairman and Member of the Board - <i>Partecipazioni Industriali S.r.l.:</i> Chairman - <i>Partecipazioni Trentine S.r.l.:</i> Chairman - <i>Centrale Gestione Immobiliare S.r.l.:</i> Chairman - <i>Partecipazioni Cooperative S.r.l.:</i> Member of the Board - <i>Trentino Invest S.r.l.:</i> Chairman and Member of the Board - <i>Nummus.Info S.p.A.:</i> Standing Auditor
Mr. Enrico Zobele	Member of the Board	<ul style="list-style-type: none"> - <i>I.T.I.S. S.r.l.:</i> Chairman and Member of the Board - <i>Eyepro System S.r.l.:</i> Member of the Board - <i>La Finanziaria Trentina S.p.A.:</i> Member of the Board - <i>Enthofin S.r.l.:</i> Chairman and Member of the Board - <i>Zobele Holding S.p.A.:</i> Chairman and Member of the Board - <i>Immobil Due S.r.l.:</i> Chairman - <i>Tridentum Auto S.r.l.:</i> Chairman and CEO - <i>Everel Group S.p.A.:</i> Chairman, CEO and Member of the Board - <i>Aquardens S.p.A.:</i> Member of the Board

Ms. Arianna Comencini	Member of the Board	- <i>Hydro Dolomiti Energia S.r.l.:</i> Member of the Board
Mr. Raffaella Prezzi	Member of the Board	- <i>Dolomiti Energia S.p.A.:</i> Member of the Board - <i>Dolomiti Energia Trading S.p.A.:</i> Member of the Board - <i>Rubino S.r.l. in liquidazione:</i> Receiver - <i>Cassa Rurale Degli Altipiani – Banca Di Credito Cooperativo:</i> Standing Auditor - <i>Solatrix S.p.A.:</i> Alternate Auditor - <i>Supermercato Cm Di Martini Lionello E C. Snc:</i> Judicial Liquidator - <i>Ampola Legnami S.r.l.:</i> Receiver - <i>Zomer Fiacomo:</i> Receiver - <i>Martinelli Trasporti S.A.S.:</i> Receiver - <i>Komar – Kluc Officine Macchine Alimentari Rovereto S.r.l.:</i> Receiver - <i>Logistica Marisa Renato Di Marisa Renato S.A.S.:</i> Receiver - <i>Sportsgear S.A.S.:</i> Receiver - <i>Distributed Thinking S.p.A.:</i> Receiver - <i>Setti Immobiliare S.r.l.:</i> Receiver - <i>Folgaria Legnami S.r.l.:</i> Receiver - <i>Euronorm Mbc S.r.l.:</i> Receiver

The business address of all Board members is the registered office of Dolomiti Energia Holding in via Manzoni no. 24 – 38068 Rovereto (TN – ITALY).

Senior Managers

Mr. Stefano Quaglino, in his capacity as general manager and special attorney of the company, may be considered a key executive manager relevant to the Issuer's description.

The business address of the general manager is the registered office of Dolomiti Energia Holding in via Manzoni no. 24 – 38068 Rovereto (TN – ITALY).

Board of Statutory Auditors / External Auditors

According to the company by-laws, the statutory auditing is granted to a Board of Statutory Auditors composed of 3 (three) standing auditors and 2 (two) alternate auditors. Each member of the Board of Statutory Auditors remains in office three consecutive years, and may be re-elected.

The current Board of Statutory Auditors of Dolomiti Energia Holding is composed of the following five members, who - pursuant to resolution of the Shareholders' meeting dated 30 April 2015 – will terminate office on the date of the Shareholders' meeting scheduled to approve the financial statements as at 31 December 2017:

Office / Position	Name	Positions / Activities in other Companies
Chairman and Standing Auditor	Mr. Giacomo Manzana	- <i>Dolomiti Ambiente S.r.l.:</i> Standing Auditor - <i>Gions Srl,</i> Auditor
Standing Auditor	Ms. Barbara Caldera	- <i>Hydro Dolomiti Energia S.r.l.:</i> Standing Auditor - <i>Hydro Investments Dolomiti Energia S.r.l.:</i> Standing Auditor
Standing Auditor	Mr. Michele Iori	- <i>Mittel S.p.A.:</i> Member of the Board and Vice-Chairman of the Board - <i>Concessioni Autostradali Lombarde S.p.A.:</i> Chairman and Standing Auditor
Alternate Auditor	Ms. Maria Letizia Paltrinieri	-
Alternate Auditor	Mr. Fabio Marega	-

The business address of all members of the Board of Statutory Auditors is the registered office of Dolomiti Energia Holding in via Manzoni no. 24 – 38068 Rovereto (TN – ITALY).

The external auditing of Dolomiti Energia Holding has been granted to PricewaterhouseCoopers S.p.A. (PwC) for a period of three consecutive years, pursuant to resolution of the Shareholders' meeting dated 29 April 2016.

Administrative, Management, and Supervisory bodies' conflicts of interests

With the exception of the positions and activities in companies outside the Group set out above, as far as Dolomiti Energia Holding is aware, there are no conflicts of interests between any offices/duties of the Issuer's directors and statutory auditors and their private interests, and/or other duties.

Employees

As at 31 December 2016:

- Dolomiti Energia Holding employed no. 163- (one hundred sixty-three) people,
- the Group employed overall no. 1,338- (one thousand three hundred thirty-eight) people, as oppose to the no. 1,327- (one thousand three hundred twenty-seven) registered as at 31 December 2015.

SHARE CAPITAL AND MAJOR SHAREHOLDERS

As at 31 December 2016, the share capital of the Issuer was Euro 411,496,169.00 (four hundred eleven millions four hundred ninety-six thousand one hundred sixty-nine), fully paid and consisting of no. 411,496,169.00 (four hundred eleven millions four hundred ninety-six thousand one hundred sixty-nine) shares with a nominal value of Euro 1.00 (one) each.

As at this date, the share capital of the Issuer is owned as summarized below:

Shareholder	No. of shares	%
Findolomiti Energia S.r.l. (public entity)	196,551,963	47.77%
FT Energia S.p.A.	48,861,683	11.87%
Dolomiti Energia Holding S.p.A.	33,286,658	8.09%
Comune di Trento (public entity)	24,008,946	5.83%
Fondazione Cassa di Risparmio di Trento e Rovereto	21,878,100	5.32%
Comune di Rovereto (public entity)	17,852,031	4.34%
Others	69,056,788	16.78%
Total	411,496,169	100%

In light of its majority stake being owned by public entities (namely: Findolomiti Energia S.r.l., Comune di Trento and others), the Issuer is considered an indirectly publicly owned company. For the same reasons, also its subsidiaries are considered to be indirectly publicly owned companies.

The Issuer's By-laws contain a number of provisions designed to safeguard the rights of minority shareholders, including (i) the right to present a list of candidates for appointment to the Board of Directors; (ii) the limitation to just one list of candidates allowed to be proposed by a controlling shareholder and any shareholders connected to a controlling shareholder; (iii) the requirement that certain matters be approved by the whole Board of Directors, without being delegated to a single director or to an executive committee, such as any adoption or amendment of the Issuer's industrial, financial and strategic plans, the approval of budgets and, in some cases, mergers and demergers. There are also a number of provisions under the Italian Civil Code designated to protect minority shareholders.

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.

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

LEGAL AND ARBITRATION PROCEEDINGS

In its ordinary course of business, the Group is part of certain civil and administrative judicial proceedings, both as plaintiff and as defendant.

Each company of the Group has set-aside in its financial statements risks provisions ("**Contingency Fund**") to cover, inter alia, the liabilities that may arise, according to the in-house and external legal counsels, from the most significant legal proceedings. The amount of such provisions is budgeted also in the Group's consolidated financial statements.

As of 31 December 2016, the Contingency Fund amounted to a total of Euro 19,715,000.00, and is itemized as follows: Euro 109,000.00 for the risk of legal proceedings, Euro 15,479,000.00 for the risk of losses in proceedings regarding municipal taxes on real property ("**IMU**"), and Euro 1,581,000.00 for the risk of disputes regarding the subsidized energy provided to irrigation consortia.

The Contingency Fund does not cover the risks connected to proceedings which, however involving the Group, present a remote or non assessable chance of being lost. Therefore, the possibility that the Group may incur liabilities not covered by the Contingency Fund may not be ruled out (see “Judicial Proceedings” here below).

Judicial Proceedings

Here below is a description of the main judicial proceedings in which the Group is a part of.

Hydro Dolomiti Energia S.r.l.

Dispute related to the failed recognition by the GSE of the green certificates regarding the power increase at the Ponte Pià hydroelectric plant

On 21 February 2017, Hydro Dolomiti Energia S.r.l. (“**HDE**”) brought a proceeding before the Regional Administrative Court (“**TAR**”) of Lazio (ITA) due to failure by the Italian National Energy Grid Operator (“*Gestore dei Servizi Energetici* – GSE S.p.A.” - “**GSE**”) to recognize the green certificates associated to the production of energy by the Ponte Pià hydroelectric plant. Such failure occurred as of 2013 after the increase of the plants’ power due to the replacement of its turbines as of December 2008 (the GSE being aware of such replacement). More specifically, such replacement had resulted in the increase of the annual production on electric energy, and therefore in the increase of the required green certificates. However, throughout the years 2013, 2014, 2015 and 2016, despite the requests by the company. The GSE has recognized only 50% of the plants production in terms of green certificates.

In light of the above, HDE has taken legal action to argue, under a substantial perspective, that the qualification as “plant fuelled by renewable energy sources” (“*Impianti Alimentati da Fonti Rinnovabili*” - “IAFR” qualification) pertains to the plant as a whole, despite the fact that, at the date of its qualification for incentive purposes, the plant had a certain power which was subsequently increased. Under a procedural point of view, HDE further claims that GSE has breached the Italian Law no. 241/90 in relation to the transparency and participation obligations in administrative proceedings, and to the obligation to argue and state grounds for its regulations.

The proceeding is still pending, provided no precautionary measure has been requested. The Parties are currently waiting for the TAR to schedule the hearing to discuss the merits of the issues: such hearing could possibly be solicited upon express request. It should be noted that, in the event of a non-favourable outcome of the mentioned proceeding, the company financial statements may show a contingent liability due to annulment of the receivables accounted with respect to the GSE in the amount of Euro 1,700,000.00: indeed, HDE has accounted as revenue in its financial statements the green certificates to which it is entitled to, but that have never been recognized by the GSE during the period 2013-2016.

Dispute related to the mistaken qualification by the GSE of three hydroelectric plants as “tank-plants” rather than as “flowing-water plants”, and the relevant incentive rates

HDE has filed three separate law suits before the TAR of Lazio (ITA) against three measures by the GSE qualifying three of the company’s hydroelectric plants – designed for the energetic recovery from dams of the minimal vital outflow (“*Deflusso Minimo Vitale*” – “**DMV**”) - as “tank-plants” rather than as “flowing-water plants”, with the consequent recognition of reduced incentive rates.

The difference in incentive rates over the relevant twenty-year incentive period may be calculated as follows: Euro 3,000,000.00 for the Malga Bissina DMV plant (as of 12 December 2013), Euro 2,500,000.00 for the Fontanino Pian Palù plant (as of 12 December 2013), and Euro 5,000,000.00 for the Malga Boazzo plant (as of 29 June 2015).

The proceedings are currently pending, while Parties await for the TAR to schedule the corresponding hearings to discuss the merits of each issue. Please note that any non-favourable outcome of the proceedings would be neutral with regards to the company's financial statements. As at today, HDE has accounted in its financial statements the revenues recognized in fact by the GSE with the reduced rates: therefore, a favourable outcome of the same proceedings would generate (and be accounted for as) contingent assets in the amount of Euro 10,500,000.00 to be spread throughout the relevant twenty-year incentive period.

Potential dispute with the "Consorzio di Bonifica Veronese" for failure to recognize the right to obtain the supply of 3,000,000 kWh at a reduced rate, for the lifting of irrigation water

On 27 March 2012, and later on 23 September 2015 the reclamation consortium of Verona ("**Consorzio di Bonifica Veronese**") forwarded to HDE, to the Italian Regulatory Authority for Electricity Gas and Water, and to the electric energy equalization fund ("*Cassa Conguaglio per il settore elettrico*") a request for recognition in its favor of a concessional rate with reference to the annual amount of 3 million kWh, for the years beginning with 2010 onwards; all the above, plus default interests and court expenses.

The aforementioned claim is based on the original agreement entered into when of the concession to which today HDE (formerly "Sima") is entitled to was granted. Such agreement provided for an obligation of free supply of electric energy under specific terms and conditions.

On 11 December 2015 HDE served a written notice to the Consorzio di Bonifica Veronese to inform that it had initiated a proceeding for the annulment of the renewal of the consortium's concession upon Decree by the Advisory Board of Verona no. 205/2013, and that, therefore, the supply of electric energy at a concessional rate will be reactivated only after the conclusion of the relevant dispute.

The concessional rate for the increase in value of the electric energy was considered equivalent to the average annual energy value published by the Italian Regulatory Authority for Electricity Gas and Water, resulting in an estimated cost from 2010 to 2016 of Euro 1,581,000.00. In this respect, HDE has established in 2015 – on a precautionary basis – the Contingency Fund to adequately cover the risk of a potential litigation with the Consorzio di Bonifica Veronese.

Cadastral litigation

Disputes before the 2016 Stability Law (before the so called "plants unbolting")

Article 1-*quinquies* of the Italian Law Decree of 31 March 2005 no. 44 "*Urgent provisions on local entities*" provides that the determination of the cadastral income of industrial plants/factories (thereby including electric energy generating plants) should include also the removable parts of the real estate (i.e. the artefacts and hydraulic facilities).

Such piece of legislation further clarifies that Article no. 4 of the Cadastral Law approved pursuant to Royal Law Decree of 13 April 1939 no. 652 shall be interpreted "*in the sense that buildings and constructions are composed by the land and by the parts which are structurally connected therewith, even in a transitory way, which may be linked, through any means of connection, to movable parts in order to compose the single good.*"

Following the entering into force of such provision, HDE – together with other companies producing electric energy – turned to the Land Registry Office ("*Catasto*") of Trento (ITA) seeking for a broad agreement on the technical criteria to be fulfilled in actual facts for the proper evaluation of all its hydroelectric power plants.

On 18 May 2011 the Land Registry Office of Trento and the concessionaire companies of plants for the production of electric energy (among which HDE) have entered into a specific agreement providing

for the timing (within 18 months of execution of the agreement, and therefore within 18 November 2012) and methods for the “divisions necessary to properly identify all facilities and terrains composing the plant” and for the submission of the “*consequent cadastral documentation containing any technical data necessary for the relevant qualification.*”

Based on such agreement the Land Registry Office of Trento notified to HDE a series of deeds granting cadastral income: in such deeds the company's cadastral income was re-determined by incorporating in its evaluation all the removable parts.

HDE has challenged the assessments by the Land Registry Office of Trento bearing – in its opinion – technically erroneous depreciation coefficients for antiquatedness and obsolescence (namely the residual value index), provided such coefficients were not consistent with the type and nature of the specific assets composing the plants.

Indeed, such assets, in addition to being subject to particularly fast physical decay and to an equally rapid technological obsolescence, maintain hardly any value at the end of their useful lifespan (therefore, the relevant residual value should tend to “zero”).

The legal proceedings filed by HDE are all currently pending before the First Instance Tax Board of Trento, which in some cases has entrusted a court-appointed expert with the assessment of the precise applicable antiquatedness and residual value indexes and, therefore, of the cadastral income which shall ultimately be assigned to each plant as a whole.

Dispute after the 2016 Stability Law and exclusion of non-structural assets from cadastral calculations

Law 208/2015, informally referred to as the “2016 Stability Law”, provided greater detail on the calculation of cadastral income for properties in use classes “D” and “E” (which again included electric energy generating plants). In short, it provided that the calculation should take the form of a direct estimate of value that includes the land, buildings, and items structurally connected therewith that increase quality and utility, but excludes “*machinery, appliances, equipment and other plant, functional to the particular production process*”. Shortly after the law came into force, the company submitted a new application to the Cadastral Register, seeking, for each of the facilities it owned, a recalculation of the cadastral income that excluded all of the non-structural assets that were no longer to be included in the valuation.

In 2016, the Land Registry Office of Trento served notices upon HDE assigning revised cadastral incomes to the properties. These acceded to the company's request for the non-structural assets' exclusion from the valuation, but otherwise left the previous valuation unchanged (*inter alia*, they did not use the coefficients for calculating depreciation for age and obsolescence that the Company had put forward in its declarations).

HDE contested these assessments in late 2016 and early 2017, again challenging the use of depreciation coefficients inappropriate to the assets in question. All of these procedures are currently pending before the First Instance Tax Board of Trento, and first hearing dates have yet to be set.

Disputes related to municipal taxes on real property, ICI and IMU

The disputes over municipal taxes on real property, ICI, and its successor, IMU, arose out of the changes described in the previous section regarding the calculation of cadastral income and generating plant.

Following service of the first notices assigning revised cadastral incomes by the Land Registry Office of Trento, many of the municipal governments within whose boundaries HDE's generating plants were located served notices of tax assessment connected with the charges imposed for years from 2005 onwards. Many of those notices sought an increased amount of ICI and IMU, calculated on the basis

on the new cadastral incomes, plus fines and interest thereon. In almost all cases, HDE has paid the additional taxes (and interest thereon) but not the fines. The company has decided to appeal the assessment of the fines to the First Instance Tax Board in Trento, seeking to have the fines disapplied for (i) a lack of culpability on the company's part; and (ii) the objective uncertainty of the rules, given that it was only in 2012, when the Land Agency issued its Circular 6/2012, that there was clarity over how hydroelectric plant should be assessed for cadastral purposes.

Currently, some of the proceedings that HDE has brought are at first instance, and some have been appealed; and in those proceedings that have completed the first instance process, HDE has had mixed success. It is likely therefore that the dispute will continue to the Supreme Court.

In relation to the disputes described under paragraphs "*Cadastral litigation*" and "*Disputes related to municipal taxes on real property, ICI and IMU*", HDE has recognised a provision for risks and charges in an amount of Euro 15,479,000.00, in order to cover the risk of it ultimately being unsuccessful in the litigation.

SET Distribuzione S.p.A.

Assessment of registration tax by the Revenues Agency

During 2008 SET Distribuzione S.p.A. ("**SET**") was the subject of a tax audit by the Finance Police, which ended in a notice of assessment only in respect of an alleged failure to pay registration tax in connection with the acquisition of a business division from ENEL Distribuzione S.p.A. The business of the division in question was the distribution of electricity within Trentino.

In October 2008, SET applied for the assessment to be reviewed by the First Instance Tax Board in Trento. The Board dismissed the application in a decision of 26 March 2009.

In February 2009, SET received the demand for payment related to the assessment, which totalled Euro 8,158,586.00, including fines. On 29 June 2009, SET appealed the first-instance decision to the Tax Appeals Board.

Pending the appeal decision, SET agreed with the Revenues Agency that it would make payment in the amount of the tax notice issued in relation to the assessment (Euro 8,566,222.00).

The Tax Appeals Board dismissed SET's appeal in a judgment of 21 June 2010. The company remained convinced of its case, and appealed that judgment to the Supreme Court, where a judgment is now awaited.

In the year ended 31 December 2010, SET recognised the whole of the above amount among extraordinary charges, offset by the recognition of a corresponding decrease in its provision for taxes. In turn, that offset the tax credit that had resulted from the payments previously made.

Disputes over mandatory acquisitions of electricity networks

On 13 April 2017, SET submitted what is known as an extraordinary petition to the President of the Italian Republic, seeking to overturn a resolution by the Italian Regulatory Authority for Electricity Gas and Water, no. 758/2016. The resolution in question had specified terms for the "*revision of provisions (...) for undertakings with less than 5,000 sampling points*", and affected terms for the valuation of electricity distribution assets held by operators within the Province of Trento who intended to divest themselves of such services during a transitional period that ends 31 December 2030.

Under the Distribution Plan approved by the Provincial Government's Board, the restructuring of the electricity distribution system within the Province of Trento includes a transitional period, during which a municipality may decide to cease managing the service, in which case SET is obliged to take it over,

acquiring title to the network infrastructure. The price it pays for that infrastructure is determined by a valuation report that measures the value as the residual industrial cost.

The dispute with the Italian Regulatory Authority for Electricity Gas and Water relates to the position it has assumed regarding whether costs that SET incurs for the acquisition of such infrastructure may be passed through to the tariffs it imposes. The Regulator's position adheres to a principle that costs incurred by the acquirer in such acquisitions may be passed through to tariffs only up to the amount of the regulatory asset base for the acquired infrastructure.

Should that principle be upheld, it would mean that only considerably reduced sums could be recovered, compared to those under an ordinary valuation for sale of the kind for which the provincial rules provide, and that would entail an irrecoverable capital loss for SET in each such case. It is not yet possible to reach a reliable quantification of the potential losses, as no figures are currently available regarding the extent of the infrastructure that SET would be obliged to acquire.

Novareti S.p.A.

Dispute over Resolution No. 367/2014 and the Ministerial Decree of 22 May 2014

Novareti S.p.A. ("**Novareti**") has brought two actions seeking the annulment of Resolution 367/2014, issued by the Regulator, and the Ministerial Decree by the Minister of Economic Development of 22 May 2014. The actions are pending before the Administrative High Court and the Regional Administrative Court of Lazio, respectively.

Both the aforementioned Resolution and the Ministerial Decree regard the rules for setting tariffs and the remuneration of gas distribution and metering services in future years.

The system of tariffs is paramount to the gas distribution sector, with the first public tender procedures to begin shortly, and includes the introduction by the Regulatory Authority of what is known as "*asymmetric regulation*", such that participants in future public tender procedures will be subject to different tariff treatments, depending upon whether they were the incumbent local provider or are taking on the service for the first time. This system is considered to penalise incumbent local providers who successfully bid to retain a service, in that they would, inter alia, be unable to recover any difference between the residual industrial value and the regulatory asset base through their tariffs.

A large number of gas distributors have taken similar action challenging the legality of the Resolution and of the Ministerial Decree.

Dispute with GSE over failure to recognise Green and White Certificates issued in connection with cogeneration facilities

Novareti currently has three actions pending in the Regional Administrative Court of Lazio against a number of decisions under which the GSE rejected applications it had made for the payment of incentives for the generation of electricity from renewable or similar sources (known in the parlance as white and green certificates). The scope of these legal actions is described in more detail below.

Green certificates for the Rovereto "Area Tecnofin" cogeneration facility

In 2007-2008, Novareti built a cogeneration facility in the Rovereto area known as the Tecnofin development, which it connected to the pre-existing district heating network. It applied to the GSE for the facility to be classified as "newly constructed", under article 4(2) of the Ministerial Decree of 24 October 2005, which would have enabled it to obtain green certificates for the electricity the cogeneration facility produced. The application was denied, and Novareti sought judicial review of that decision in the Regional Administrative Court.

Although Novareti has repeatedly applied for a hearing date, the proceedings have not progressed as the Court has yet to indicate a date. Were the Company to be unsuccessful in the litigation, that would be neutral for the company, as it has not recognised any of the anticipated green certificates in its balance sheet. A successful outcome would effectively result in a windfall profit.

White certificates for the cogeneration facility located in Rovereto's Zona Industriale

Novareti is the owner of a cogeneration facility in Rovereto (TN – ITA) at Piazzale De Gasperi no. 17, within a Rovereto industrial development.

In order to improve the efficiency of the cogeneration system, a new electricity generation group was added, with a back-pressure steam turbine (in the place of the existing thermal expansion valve), fed by steam from the heat recovery steam generator.

The system entered into operation on 13 January 2011. Following the entry into force of a Ministerial Decree of 5 September 2011, Novareti on 19 March 2013 submitted an application to the GSE for the plant to be recognised as a high-performance cogeneration system, and thereby gain entitlement to white certificates.

The GSE dismissed the application on 29 November 2013, maintaining that the unit that "*came into operation on 13 January 2011 does not constitute (...) a new cogeneration unit within article 2(1)(c) of the Ministerial Decree of 5 September 2011, because the work was not carried out using new components*".

No date has been set for a hearing of the substantive issues in this case.

In the meantime, the GSE has also dismissed applications for admission to incentives that Novareti made for subsequent years, and consequently Novareti has contested these decisions too, amending its application each year, most recently on 16 December 2016. If Novareti is successful in its action, it may result in a windfall gain to Novareti of approximately Euro 2 million.

SUBSCRIPTION AND SALE

The Notes were initially issued on 10 February 2010 and subscribed for by Fondazione Cassa di Risparmio di Trento e Rovereto. Neither the Arranger nor any of its affiliates had any involvement in the original issue and subscription of the Notes.

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

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 Italian Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or 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 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (otherwise known as the *Regolamento Intermediari* or "Intermediaries' Regulation"); 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:

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

General

No action has been or will be taken in any jurisdiction by the Issuer or the Arranger 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 Arranger 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.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes was authorised by resolutions passed by the Issuer's Board of Directors on 2 February 2010, as amended by resolutions passed at Noteholders' meetings on 1 February 2017 and 30 June 2017.

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.

Further Information on the Notes

The Notes were originally issued on 10 February 2010 in an aggregate principal amount of €30,000,000 consisting of 600 notes in denominations of €50,000 each.

Pursuant to their original terms and conditions, the Notes were redeemed in part as follows:

Date	Aggregate principal amount redeemed
10 February 2014,	€1,000,000
10 February 2015	€2,900,000
10 February 2016	€2,900,000
10 February 2017	€15,660,000

Following the above repayments, the outstanding aggregate principal amount of the Notes was €7,540,000 consisting of 580 Notes in denominations of €13,000 each.

Pursuant to a resolution passed at a Noteholders' meeting on 30 June 2017, the Conditions were amended and Notes were consolidated so that, while retaining an outstanding aggregate principal amount of €7,540,000, they consisted of 50 Notes in denominations of €150,800 each.

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 the financial or trading position of the Group.

Save as disclosed in this Prospectus at "*Legal and Arbitration Proceedings*" at pages 40-46, 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 consolidated 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).

Representation of Noteholders

Noteholders' representative

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "**Noteholders' Representative**") is appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution to be passed by a meeting of Noteholders or by an order of a competent court at the request of one or more Noteholders or by the directors of the Issuer. The Noteholders' Representative has the powers and duties set out in Article 2418 of the Italian Civil Code.

As at the date of this Prospectus, the Noteholders' representative is Fondazione Cassa di Risparmio di Trento e Rovereto, which was appointed pursuant to a resolution passed at a Noteholders' meeting on 1 February 2017. Pursuant to Article 2417, 3rd paragraph of the Italian Civil Code, the appointment of a Noteholders' Representative has a duration of no more than three financial years but may be renewed.

Noteholders' meetings

Meetings of Noteholders may be convened to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation of the Notes. The convening and conduct of meetings of Noteholders is regulated by the Italian Civil Code, the TUF and, where applicable Italian law so requires, the Issuer's By-laws (*statuto*), 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 date of this Prospectus.

Subject to the above, in relation to the convening of meetings, quorums and the majorities required to pass a resolution at a meeting of Noteholders:

- (a) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative at their discretion and, in any event, upon a request in writing by Noteholder(s) 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, or, in default of such request, by a decision of the competent court in accordance with Article 2367, paragraph 2, of the Italian Civil Code;
- (b) every such 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 (*statuto*);
- (c) such a meeting will be validly convened if:
 - (i) in the case of the initial meeting, there are one or more persons present holding or representing more than one-half of the aggregate principal amount of the Notes for the time being outstanding; or

- (ii) in the case of any subsequent meeting convened following adjournment for want of quorum, there are one or more persons present holding or representing more than one-third of the aggregate principal amount of the Notes for the time being outstanding,
provided that the Issuer's By-laws (*statuto*) may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher quorums;
- (d) the majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be:
 - (i) for voting on any proposal to modify the Terms and Conditions of the Notes falling within the scope of Article 2415, paragraph 1, item 2, of the Italian Civil Code (any such proposal, a "**Reserved Matter**"), the higher of:
 - (A) one or more persons holding or representing at least one-half of the aggregate principal amount of the Notes for the time being outstanding; and
 - (B) one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes for the time being outstanding represented at the relevant meeting; or
 - (ii) for voting on any matter other than a Reserved Matter:
 - (A) in the case of the initial meeting, one or more persons holding or representing more than one-half of the aggregate principal amount of the Notes for the time being outstanding; or
 - (B) in the case of any subsequent meeting convened following adjournment for want of quorum, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes for the time being outstanding represented at the relevant meeting,

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

As at the date of this Prospectus, the Issuer's By-laws (*statuto*) do not provide for any higher quorums or voting majorities than those specified above.

Any resolution duly passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and irrespective of how their vote was cast.

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 consolidated 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) 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 Arranger 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 Arranger 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 Arranger 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 Arranger 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 Arranger 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 Arranger 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 Arranger 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.

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: IT0004576580.

ISSUER

Registered office:
Via Manzoni, 24
38068 Rovereto
Italy

ARRANGER

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