NOT FOR DISTRIBUTION IN THE UNITED STATES

A.I.M. Vicenza S.p.A.

(*incorporated as a joint stock company (società per azioni) under the laws of the Republic of Italy*)

€50,000,000 1.984% Senior Unsecured Amortising Fixed Rate Notes due 20 September 2024

The issue price of the €50,000,000 1.984% Senior Unsecured Amortising Fixed Rate Notes due 20 September 2024 (the "**Notes**") of A.I.M. Vicenza S.p.A. (the "**Issuer**" or the "**Company**") is 100 per cent. of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410 *et seq*. of the Italian Civil Code. The Notes will bear interest from and including the Issue Date (as defined below) at the rate of 1.984 per cent. *per annum*, payable in arrear on 20 September in each year, commencing on 20 September 2018, all as fully described in "*Terms and Conditions of the Notes — Interest*". Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Taxation*". Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in instalments on each Amortisation Date in the relevant Amortisation Amount (each term as defined in the Terms and Conditions of the Notes (the "**Conditions**")) with the final Amortisation Date on 20 September 2024 (the "**Maturity Date**"). The Notes may be redeemed, in whole but not in part, at 100 per cent. of their principal amount outstanding plus interest, if any, to the date fixed for redemption at the option of the Issuer in the event of certain changes affecting taxation in the Republic of Italy. See Condition 8 (*Redemption and Purchase*). Noteholders will be entitled, following the occurrence of a Put Event (as defined in the Conditions) to request the Issuer to redeem or repurchase such Notes at 100 per cent. of their principal amount outstanding together with any accrued and unpaid interest (if any), all as fully described in Condition 8.3 (*Redemption and Purchase — Redemption at the Option of the Noteholders*).

This prospectus (the "**Prospectus**") constitutes a prospectus for the purpose of Directive 2003/71/EC, as amended (including by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under 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. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC, as amended. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to its official list (the "**Official List**") and trading on its regulated market. This Prospectus is available for viewing on the website of the Irish Stock Exchange.

Investing in the Notes involves risks. For a discussion of these risks, see "Risk Factors" beginning on page 4.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. State securities laws and are subject to United States tax law requirements. The Notes are being offered only outside the United States by the Lead Manager (as defined herein) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. For a description of further restrictions on offers and sales of the Securities, see "*Subscription and Sale*".

The Notes will be in bearer form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 20 September 2017 (the "**Issue Date**") with a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Temporary Global Note and the Permanent Global Note (each a "**Global Note**") will be issued in new global note ("**NGN**") form. Ownership of the beneficial interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the Clearing Systems and their respective participants. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with instalment receipts and interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*". Subject to the provisions contained in this Prospectus, the Notes are freely transferable.

Lead Manager and Sole Bookrunner

UniCredit Bank

Co-Lead Manager

Banca Popolare dell'Alto Adige S.p.A.

The date of this Prospectus is 18 September 2017

NOTICE TO INVESTORS

This document comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive and contains all information regarding the Issuer and its subsidiaries (together with the Issuer, the "**Group**") and the Notes which is material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make any information contained herein not misleading in any material respect.

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

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form 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. If given or made, any such representation or information should not be relied upon as having been authorised by any of the Issuer or UniCredit Bank AG (the "**Lead Manager**") or Banca Popolare dell'Alto Adige S.p.A. (the "**Co-Lead Manager**" and, together with the Lead Manager, the "**Managers**").

None of the Issuer and the Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Managers which constitute the final placement of the Notes contemplated in this Prospectus.

The distribution of this Prospectus and any related material and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the 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 and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to, or for the account or benefit of, U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

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 or the Group and the Notes is correct at any time subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) prospects, results of operations or general affairs of the Issuer or the Group since the date of this Prospectus.

The Managers does not make any representation or warranty, expressed or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus should purchase the Notes.

In making an investment decision, prospective investors must rely on their own examination of the Issuer's business and the terms of the offering. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consider carefully all information contained in this Prospectus (including, without limitation, any documents

incorporated by reference herein and the section headed "*Risk Factors*") and consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Notes.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order 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 may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

In connection with the issue of the Notes, UniCredit Bank AG (the "Stabilisation Manager") (or any person acting for the Stabilisation Manager) may over-allot Notes or effect transactions with a view to support the market price of the Notes at a level higher than that which might otherwise prevail in the open market. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 after the issue of the Notes or 60 days after the date of allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting for the Stabilisation Manager) in compliance with all applicable laws, regulations and rules.

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains statements regarding the Issuer's industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer's estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in our industry which we believe to be reliable, there is no assurance that any of these assumptions are accurate or correctly reflect the Issuer's position in the industry. None of the Issuer's internal surveys or information have been verified by independent sources.

While the Issuer has compiled, extracted and, to the best of its knowledge, correctly reproduced market or other industry data from external sources, including third parties or industry or general publications, the Issuer has not independently verified such data. The Issuer cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such external sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Undue reliance should therefore not be placed on such information.

PRESENTATION OF FINANCIAL INFORMATION

Financial information included in the Prospectus

This Prospectus includes the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015, prepared in accordance with Italian law, as interpreted and amended by the accounting standards issued by the Italian *Organismo Italiano di Contabilità* (Italian Accounting Entity) (collectively referred to as "**Italian GAAP**") and audited by BDO Italia S.p.A.

Starting from the financial statements as at and for the financial year ended 31 December 2017, the Issuer expects to prepare its consolidated annual financial statements in accordance with IFRS. Accordingly, the consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2016 have been restated in conformity with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**") solely for the purpose of its inclusion in this Prospectus, as required by item 11.1 of Annex IX of Regulation 809/2004/EU and by the recommendation 05-054b of the Committee of European Securities Regulators (CESR), currently known as ESMA or the European Securities and Markets Authority. See the *Special Purpose Audited IFRS Consolidated Financial Statements* incorporated by reference in this Prospectus. The audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2016 prepared in accordance with IFRS (the "**Special Purpose Audited IFRS Consolidated Financial Statements**") have been audited by BDO Italia S.p.A.

The Special Purpose Audited IFRS Consolidated Financial Statements, which are incorporated by reference in this Prospectus (See "*Information Incorporated by Reference*"), should be read in conjunction with the relevant notes thereto. In making an investment decision, investors must rely upon examination of the Group and the financial statements and information included elsewhere in this Prospectus and should consult their own professional advisors for an understanding of the impact that future additions to, or amendment of IFRS may have on the Group's results of operations and/or financial condition and on the comparability of prior periods.

Except where otherwise indicated, financial information relating to the Issuer included in this Prospectus has been prepared in accordance with Italian GAAP.

Italian GAAP Change

In December 2016 revised OIC were issued which were to be applied for periods beginning on or after 1 January 2016. The amendments, included in the revised OIC, in certain instances are to be applied retrospectively, whilst in other instances the Issuer can choose to apply these changes only from 1 January 2016, without restating the comparative information as of and for the years ended 31 December 2015. The most significant changes to Italian GAAP, applicable to the Issuer, are as follows:

- ***Extraordinary items*** — Italian GAAP no longer allows for the separate line item ''extraordinary items'' to be disclosed on the income statement. Extraordinary items must be classified on the income statement according to their nature. In the preparation of the Italian GAAP Audited Consolidated Financial Statements, items which had previously been classified as ''extraordinary'' in 2015 have been classified in the income statement according to their nature;
- ***Amortized cost*** — Italian GAAP no longer allows for measurement of non-current financial assets, receivables and payables at their nominal values. Non-current financial assets, receivables and payables must be valued at amortized cost using the effective interest rate method;
- ***Derivative financial instruments*** — Italian GAAP requires the recognition and measurement of derivative financial instruments at their fair value. If certain criteria are met, the fair value changes of cash flow hedge derivative financial instruments are recorded in a specific reserve in equity. In the preparation of the Italian GAAP Audited Consolidated Financial Statements derivative financial instruments as of 31 December 2015 were recorded at their fair value in the balance sheet and their fair value change was included in a specific reserve in total equity.

– ***Memorandum accounts*** — memorandum accounts are no longer presented after the balance sheet and information relating to off balance sheet arrangements and contractual obligations are now required to be disclosed within the explanatory notes to the Italian GAAP Audited Consolidated Financial Statements; and

– ***Explanatory notes*** — the revised OIC require certain additional information to be included in the explanatory notes.

Differences between Italian GAAP and IFRS

For a discussion of the differences between Italian GAAP and IFRS applicable to the Group and particularly a reconciliation of Italian GAAP and IFRS consolidated statement of financial position, consolidated income statement and consolidated equity as of and for the year ended 31 December 2015, see note 9 to the Special Purpose Audited IFRS Consolidated Financial Statements.

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus and the management report (*relazione sulla gestione*) included in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2016 and 2015 which are incorporated by reference in this Prospectus contain certain alternative performance measures ("**APMs**") which are different from the GAAP financial measures obtained directly from the audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 2015. Such APMs are useful to present more efficiently the economic results of the Group as well as its economic and financial position.

On 3 December 2015, CONSOB (*Commissione per le Società e la Borsa*, the Italian securities and exchange commission) issued Communication No. 92543/15, which gives effect to the Guidelines issued on 5 October 2015 by the European Securities and Markets Authority (ESMA) concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016 (the "**Guidelines**"). These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility.

In line with the Guidelines, the criteria used to construct the APMs are as follows:

- Consolidated "**EBIT**" is calculated as profit or loss for the year including the portion of third parties adjusted for the following line items: (i) Income tax for the year, (ii) Adjustments to financial assets and liabilities, (iii) Total financial income and expenses, as derived from the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2016 and 2015, prepared pursuant to Italian GAAP;
- Consolidated "**EBITDA**" is calculated as profit or loss for the year including the portion of third parties adjusted for the following line items: (i) Income tax for the year, (ii) Adjustments to financial assets and liabilities, (iii) Total financial income and expense (iv) Amortisation, depreciation and impairment (v) Other provisions, as derived from the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2016 and 2015, prepared pursuant to Italian GAAP;
- Consolidated "**Added Value**" is calculated as profit or loss for the year including the portion of third parties adjusted for the following line items: (i) Income tax for the year, (ii) Adjustments to financial assets and liabilities, (iii) Total financial income and expense (iv) Amortisation, depreciation and impairment (v) Other provisions, (vi) employees , as derived from the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2016 and 2015, prepared pursuant to Italian GAAP;
- Consolidated "**Net financial position**" is calculated by deducting consolidated Cash and cash equivalents, financial receivables, financial receivables from associates from the sum of consolidated Short-term financial payables and consolidated Medium- and long-terms financial payables prepared pursuant to Italian GAAP.

The Issuer believes these APMs are useful and a commonly used measures of financial performance in addition to profit for the period and other profitability measures, cash flow provided by operating activities and other cash flow measures under Italian GAAP because they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company. By eliminating potential differences between periods or companies caused by factors such as depreciation and amortization methods, financing and capital structures, taxation positions or regimes, the Issuer believes these APMs can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Issuer believes these APMs and similar measures are regularly used by the investment community as a means of comparison of companies in its industry.

It should be noted that the abovementioned APMs are not recognised as a measure of performance under Italian GAAP and should not be recognised as an alternative to operating income or net income or any other performance measures recognised as being in accordance with Italian GAAP or any other generally accepted accounting principles.

The APMs described above are used by management to monitor the underlying performance of the business and operations but are not indicative of the historical operating results of the Issuer, nor are they meant to be predictive of future results. Since all companies do not 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 such data.

FORWARD LOOKING STATEMENTS

This Prospectus may contain certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, financial conditions, results of operations, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and certain of the Group's plans, objectives, expectations or beliefs with respect to these items and generally includes, without limitation, all statements preceded by, followed by or that include the words "believe", "expect", "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 of operations, financial condition and liquidity of the Issuer or the Group may differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

Any forward-looking statements are only made as of the date of this Prospectus, and the Issuer does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus to reflect events or circumstances after the date hereof. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus. Investors should not rely on forward-looking statements as a prediction of actual results.

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OVERVIEW

The overview below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Terms and Conditions of the Notes" section of this Prospectus contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted.

Issuer.....	A.I.M. Vicenza S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy (the "**Issuer**").
Notes Offered.....	€50,000,000 aggregate principal amount of 1.984 per cent. Senior Unsecured Amortising Fixed Rate Notes due 20 September 2024.
Maturity Date	The Notes will mature on 20 September 2024 (the "**Maturity Date**"). Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes on each amortisation date indicated in Condition 8.1 (each an "**Amortisation Date**" with the final Amortisation Date being the Maturity Date) in an aggregate amount equal to the principal payment set out in Condition 8.1 (each, an "**Amortisation Amount**"). The principal aggregate amount outstanding of the Notes shall be reduced, *pro rata* with respect to each outstanding Note, by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the aggregate principal amount outstanding of the Notes following such reduction shall be the amount set out in Condition 8.1 (*Redemption by Amortisation and Final Redemption*).
Interest.....	The Notes will bear fixed rate interest at a rate of 1.984 per cent. *per annum*.
Issue Price	100 per cent. of the principal amount of the Notes.
Interest Payment Date.....	Interest on the Notes will be payable annually in arrear on 20 September in each year, beginning on 20 September 2018.
Ranking	The Notes, the Receipts and the Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes, the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with its other from time to time outstanding unsecured and unsubordinated obligations. See "*Terms and Conditions of the Notes*".
Tax Redemption	The Issuer may redeem the Notes, in whole but not in part, at a redemption price of 100 per cent. of the principal amount outstanding, plus accrued and unpaid interest to but excluding the relevant date of redemption, if the Issuer would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Taxation Reasons*".

Redemption at the Option of the Noteholders	Upon the occurrence of a Put Event (as defined in the Conditions) at any time, the Issuer will have to offer to Noteholders to redeem all the Notes at a price equal to 100 per cent. of the principal amount outstanding thereof plus accrued and unpaid interest, to but excluding the relevant date of redemption. See "*Terms and Conditions of the Notes - Redemption and Purchase - Redemption at the Option of the Noteholders*".
Covenants	The Terms and Conditions provide for certain covenants for the Issuer concerning: • Information to be provided; • Compliance with specified (i) Consolidated Gross Financial Debt – Consolidated EBITDA Ratio, (ii) Consolidated EBITDA – Finance Charges Ratio and (iii) Consolidated Net Financial Debt-Shareholders' Equity Ratio; • Listing; and • Accounting policies. See "*Terms and Conditions of the Notes—Covenants*".
Use of Proceeds	The net proceeds of the proposed issue of Notes will be applied by the Issuer to fund its general corporate purposes, with specific reference to investments to be made in accordance with the Group's investment plan for the period 2016-2020. For further information, see "*Description of the Issuer – Business Strategy*".
Forms and Denomination	The Issuer will issue the Notes on the Issue Date in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Transfer Restrictions; Absence of a Public Market for the Notes	The Notes have not been registered under the U.S. Securities Act and thus are subject to restrictions on transferability and resale. The Issuer cannot assure investors that a market for the Notes will develop or that, if a market develops, the market will be a liquid market. The Managers have advised the Issuer that it currently intends to make a market in the Notes. However, the Managers are not obligated to do so and any market making with respect to the Notes may be discontinued without notice. See "*Subscription and Sale*".
Listing	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Fiscal Agent and Paying Agent	BNP Paribas Securities Services, Luxembourg Branch.
Listing Agent	Walkers Listing Services Limited.

Governing Law of the Notes	English law, except for Condition 14 (*Meetings of Noteholders, Noteholders' Representative; Modification*) concerning the meetings of Noteholders which are subject to compliance with mandatory provisions of Italian law.

Risk Factors

Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer's registered offices are located at Contrà Pedemuro S. Biagio, 72, 36100 Vicenza - Italy. Its telephone number is +390444394911.

RISK FACTORS

An investment in the Notes involves risks. 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 the occurrence of any such contingency. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. 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 or which it may not currently be able to anticipate based on information currently available to it. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. In addition, if any of the following risks, or any other risk not currently known, actually occur, the trading price of the Notes could decline and Noteholders may lose all or part of their investment. Furthermore, 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 (including any documents incorporated by reference hereto) and consider carefully whether an investment in the Notes is suitable for them in light of the information contained in this Prospectus and their personal circumstances, based upon their own judgment and upon the advice from such financial, legal and tax advisers as they may deem necessary, before making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted. References to a "Condition" is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the whole of this Prospectus, including the information incorporated by reference hereto.

FACTORS AFFECTING THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Group operates in a highly regulated environment. The constant and sometimes unpredictable evolution in the legislative and regulatory context in which it operates poses a risk to the Group

The Group operates its business in a political, legal, and social environment, which is expected to continue to have a material impact on the performance of the Group. Indeed, sectorial regulation affects many aspects of the Group's business and, in many respects, determines the manner in which the Group conducts its business and sets the fees it charges or obtains for its products and services. For further details on the legislative and regulatory context in which the Group operates, see also the section entitled "*Regulation*" herein. Changes in applicable legislation and regulation, whether at a European, national or local level, and the manner in which they are interpreted by the competent authorities, could negatively impact the concessions currently held by AIM Vicenza and its subsidiaries (including concessions granted by means of direct awardings) and in turn negatively impact the Group's current and future operations, its cost and revenue-earning capabilities and in general the development of its business. Such changes could include, *inter alia*, changes in the procedure for awarding and/or renewing of concessions and contracts granted to, or entered into with, AIM Vicenza and the Group's operating companies (as it is the case, in particular, with reference to the award of the gas distribution concessions where a certain uncertainty still exists), the maintenance of such concessions, changes in tariffs charged by such companies for their services, changes in the determination of any indemnities or compensation payments due to the Groups' companies in case of termination or loss of concessions, changes in the incentives regime for renewable energy sources, changes in the unbundling regulation, changes in tax rates, changes in environmental or safety or other workplace laws. Any new or substantially altered law, regulation, guideline or standard could have a material adverse effect on the business, revenues, results of

operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is dependent on concessions from local authorities for its Regulated Activities - Any loss of concession currently held by the Group may adversely affect the Group's business, results of operations and financial condition

The Group mainly operates in the field of electricity (production, distribution and sale), gas (distribution and sale), heat (production, distribution and sale), environmental services (collection and disposal of waste and urban cleaning). The Group also provides other public utility services which include, *inter alia*, telecommunications, local public transportation, parking services, public lighting, traffic light services, cemetery services and facility management.

The businesses of the Group include both fully regulated services managed under "licensed concessionary regimes" (*i.e.* gas and electricity distribution, electricity production through the hydroelectric plant of Lobia (managed by Servizi a Rete S.r.l., a company wholly owned by AIM Vicenza) and the thermoelectric power plant of Mincio (managed by Servizi a Rete S.r.l. together with AGSM Verona S.p.A., A2A Milano S.p.A. and Dolomiti Energia), cemetery services management, urban cleaning, waste collection services, public lighting, public facilities management, road maintenance, green area maintenance, parking area services) (the "**Regulated Activities**") (for further information on the concession operated by the Group, see "*Description of the Issuer – Key Concessions and Licenses*" below) and businesses managed under "free competition" regimes (*i.e.* gas and electricity sale, district heating, electricity production (with the exception of electricity production through the hydroelectric and thermoelectric plants which is dependent on concessions)) (the "**Liberalised Activities**"). For the financial year ended 31 December 2016, the Regulated Activities of the Group, accounted for approximately 49% of the Group's EBITDA. These Regulated Activities are dependent on concessions from the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) (as in the case of electricity distribution) and municipal authorities (in the other cases), as the case may be, that vary in duration across the Group's business areas.

There is no assurance that any such concessions relating to the Regulated Activities will be maintained or renewed after they expire. If such concessions are renewed, it may be on economic terms that are more burdensome for the Group and no assurances can be given that the Group will enter into new concessions in the area in which it operates and/or in new areas to permit it to carry on its core business after the expiry or termination of each relevant concession for any reason whatsoever or that any new concessions entered into or renewals of existing concessions will be on terms similar to those of its current concessions (for further information on the concessions and awarding process, see "*Regulation*" below).

Concessions, including those referred to above, are governed by agreements with the relevant grantor requiring the relevant concession holder to comply with certain obligations (including performing regular maintenance and operating the managed concession facility in compliance with certain quantity and quality requirements and standards, as set out under, *inter alia*, AEEGSI Resolution No. 655/2015/R/idr). Each concession holder is subject to penalties or sanctions for the non-performance or default under the relevant concession as well as for the failure to comply with the quality standards. In particular, failure by a concession holder to fulfil its material obligations under a concession could, if such failure is left unremedied, lead to early termination by the grantor of the concession. In accordance with general principles of Italian law, a concession can, *inter alia*, be terminated early for reasons of public interest. In either case, the relevant concession holder might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concession holder. In the case of early termination of a concession, the concession holder might be entitled to receive a compensation amount determined in accordance with the terms of the relevant concession-agreement. Regarding the compensation amount due to the former concession holder, there is often a dispute between the parties regarding the quantification of the compensation amount and litigation in respect of such disputes is frequent.

The expiry or termination of existing concessions relating to the Regulated Activities as well as the relevant agreements and instruments relating to Liberalised Activities for any reason whatsoever and the failure of the Group's entities to enter into new or renew existing concessions / agreements and instruments, in each case on similar or otherwise favourable terms, may have a negative impact on the business prospects, revenues, results

of operations and financial condition of the Group and could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to revision of tariffs

The Group operates, *inter alia*, in the gas, energy, heat and waste sectors and is exposed to a risk of variation of the tariffs applied to end users. Applicable tariffs payable by final customers are determined and adjusted by the relevant authority, such as the Italian Regulatory Authority for Electric Energy Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico* – **AEEGSI**), and may be subject to variations as a consequence of periodic revisions resulting from investigations by the relevant authority concerning, *inter alia*, efficiency improvements and the actual implementation of planned investments by the companies managing the related service. For further information about the tariff determination in the energy sector, see "*Regulation*", below. Notwithstanding the fact that the tariffs related to the other services carried out by the Group (*i.e.* parking, waste management, cemeterial services) are determined pursuant to service agreements entered into with the Municipality of Vicenza and that up to now no reduction of such tariffs has been experienced, it cannot be excluded that it may occur in the future.

Uncertainties as to how to determine the tariffs (including any increase or decrease, as the case may be), also as a consequence of changes in related laws and regulations or in the service agreements entered into with the Municipality of Vicenza, and/or a reduction of such tariffs could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group faces market liberalisation and increasing competition in the markets in which it operates

The markets in which the Group operates are undergoing a process of gradual liberalisation at both a European and an Italian level, which is being implemented in different ways and following different timetables in each country within the European Union. As a result of the process of liberalisation, new competitors may enter many of the markets in which the Group operates. It cannot be excluded that the process of liberalisation in the markets in which the Group operates might continue in the future and, therefore, the Group's ability to develop its businesses and improve its financial results may be constrained by such new competition.

These developments could, over time, have a negative impact on the business prospects, revenues, results of operations and financial conditions of the Group, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

AIM Vicenza's ability to successfully execute its 2016-2020 business plan is not assured

On 14 June 2017, the Sole Director of AIM Vicenza approved the 2016-2020 business plan of the Group ("**Business Plan**"), which contains the strategic guidelines and growth objectives of the Group for the relevant period, as well as some forecasts with regards to the Group's expected results of operations. For further information, see also "*Description of the Issuer – Business of the Group – Business strategy*" below.

The Business Plan and the targets contained therein are based on a series of critical assumptions. The Group may not succeed in implementing the Business Plan in full or part or within the envisaged times. In addition, in the event that one or more of the Business Plan's underlying assumptions proves incorrect or events evolve differently than as contemplated in the Business Plan (including because of events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof), the anticipated events and results of operations indicated in the Business Plan (and in this Prospectus) could differ from actual events and results of operations. Any failure by the Group to successfully execute the Business Plan could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group faces significant costs associated with environmental laws and regulations and may be exposed to significant environmental liabilities

The Group incurs significant costs to keep its plants (including in particular the waste management plant) and businesses in compliance with the requirements imposed by various environmental laws and regulations such

as Legislative Decree No. 231/2001 ("**Decree 231/2001**"), which provides that a company is responsible for certain offences committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company. The list of such offences has been steadily increasing along the years and covers, *inter alia*, environmental crimes (for further information on the risk management, compliance and internal control systems adopted by the Group and aimed at preventing the commission of offences, see also "*A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group*" below). In addition, new pieces of legislation have been recently enacted in Italy. In particular, Law No. 68/2015 has introduced into Italian legislation a number of new criminal offences related to environmental liabilities (so called "*ecoreati*") implying new potential liabilities and, therefore, additional potential expenses, for companies subject to the environmental regulation such as entities belonging to the Group. Such laws and regulations impose increasingly stringent environmental obligations and require the Group to adopt preventive or remedial measures and influence the Group's business decisions and strategy. Furthermore, the Group may be required to incur additional costs arising from additional authorizations that may be granted for the management of hazardous waste. Failure to comply with environmental requirements in the territories where the Group operates may lead to fines, litigation, loss of licenses and temporary or permanent curtailment of operations. Any significant increase in the costs and expenses necessary to keep the plants and businesses in compliance with environmental laws and regulations (including, *inter alia*, costs relating to maintenance and upgrading of the facilities), unless promptly recovered, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks associated with the possible integration of AIM Vicenza with the multi-utility AGSM Verona S.p.A.

As further described in this Prospectus (see "*Description of the Issuer – Integration with the multi-utility AGSM Verona S.p.A.*" below), in compliance with the guidelines issued on 15 September 2016 by the Municipality Council of Vicenza, AIM Vicenza has started a process to examine and study a possible integration with the multi-utility AGSM Verona S.p.A. ("**AGSM Verona**"). A memorandum of understanding has been entered into by AIM Vicenza and AGSM Verona on 30 December 2016, which provides the core principles on which the business integration process should be based, aiming at the creation of a leading firm at the national level, capable of seizing the growth opportunities deriving from the regulatory and market context and representing a possible center of attraction for other neighbouring entities. Such memorandum of understanding defined the targets and key points of the integration between the two multi-utility groups (the "**Integration**").

Should the Integration be approved by the competent corporate bodies of the Issuer and AGSM Verona and become effective, in respect of which no additional information are available as at the date of this Prospectus, the integration and combination of different management, strategies, procedures, products and services, client bases and distribution networks will be required, with the aim of streamlining the business structure and operations of the newly enlarged group. Although AIM Vicenza's management has assessed in advance the potential Integration and its implications, the foregoing as well as any related transactions might be subject to risks. Such risks may, *inter alia*, relate to: (i) difficulties related to the management of a significantly broader and more complex organisation; and (ii) problems related to the coordination and consolidation of corporate and administrative functions (including internal controls and procedures relating to accounting and financial reporting).

However, as at the date of this Prospectus there is uncertainty on the approval process of the Integration and no assurance can be given that, in case such extraordinary transaction become effective, that the relevant parties will be able to successfully carry out the Integration. Failure to successfully implement, if any, the Integration could have a material adverse effect on the business, revenues, results of operations and financial condition of AIM Vicenza with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes. Potential investors should not to place undue reliance on the approval, effectiveness and outcome of the Integration. The foregoing risk may exist in relation to any other possible integration AIM Vicenza might consider in the future.

The Group is exposed to a number of different tax uncertainties, which would have an impact on its tax results

The Group determines the taxation it is required to pay based on its interpretation of applicable tax laws and regulations. As a result, it may face unfavourable changes in those tax laws and regulations to which it is subject. Such interpretation may, *inter alia*, lead to litigation with the Tax Authorities. The business prospects, revenues, results of operations and financial condition of the Group, the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes may be adversely affected by new laws or changes in the interpretation of existing laws.

Weather and atmospheric conditions could materially adversely affect the Group's operations

The Group's electricity and gas business are affected by atmospheric conditions such as the average temperatures influencing overall consumption needs. Significant changes in weather conditions from year to year may affect demand for natural gas and electricity, with demand in cold winters and hot summers being typically higher. Furthermore, adverse weather conditions may affect the regular delivery of energy due to network damage and the consequent service disruption. Accordingly, the results of operations of the electricity and gas segment and, to the lesser extent, the comparability of results over different periods, may be affected by such changes in weather conditions. In addition, weather changes can produce significant effects in the Group's electricity production from certain renewable sources and from the hydroelectric and thermoelectric plants.

Any material weather phenomena that negatively affects the Group's business could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to operational risks through its ownership and management of power stations, waste management and distribution networks and plants

The main operational risks to which the Group is exposed are linked to its ownership and management of power stations, waste management assets and distribution networks and plants. Notwithstanding the operation of the plants and networks managed by the Group has not been subject to malfunctions and/or interruption in service over extended periods of time (in particular, with respect to the electricity distribution networks, the AEEGSI has awarded certain premiums to the Group since the duration of the service interruption has been lower than the average level), it cannot be excluded that such assets and plants may be exposed to events outside of the Group's control or other similar extraordinary events such as extreme weather phenomena, adverse meteorological conditions, natural disasters, fire, terrorist attacks, sabotage, mechanical breakdown of or damage to equipment or processes, accidents and labour disputes. Any such events could cause damages or destruction of the Group's facilities and, in more serious cases, the running of the relevant business may be compromised. This, in turn, may result in economic losses, cost increases, or the necessity to revise the Group's investment plans. Additionally, service interruptions, malfunctions or casualties or other significant events could result in the Group being exposed to litigation, which in itself could generate obligations to pay damages. Although the Group has insurance coverage against some, but not all, of these events, such coverage may prove insufficient to fully offset the cost of paying such damages. The occurrence of one of more of the events described above, or other similar events, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and may have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The changes to the overall economy in the Group's principal markets could have an impact on the electricity and gas industrial consumption

Electricity and gas consumption, especially in the industrial sector, are strongly affected by the level of economic activity in a country. The recent global economic and financial crisis, characterised by a deterioration of macroeconomic conditions, has led to a contraction in consumption and industrial production. On a countrywide level, for example, 2009 saw the first reduction in demand for electric power services since 1981. Notwithstanding the recent increase in demand for energy, the energy market is still undergoing a crisis and this has put pressure on sales margins due also to greater competition, particularly in the natural gas sector. Under these conditions, without corresponding adjustments in the margins charged by AIM Vicenza

and the companies of the Group on its sales or without increase in its market share, then the Issuer's revenues (especially those arising from the distribution and sale of electricity and gas to industrial clients, which accounts for approximately 30 per cent. of the Group's revenues) would be reduced and future growth prospects would be limited. This could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

The Group has exposure to credit risk arising from its commercial activity

Credit risk is the risk that the Group may be exposed to losses arising from the failure by its counterparties to fulfil their payment obligations. In order to mitigate such risk, the Group has in place a central credit policy that regulates the assessment of customers' (and in particular industrial clients) and other counterparties' credit standing, the monitoring of expected collection flows, the issue of suitable reminders, the granting of extended credit terms if necessary, the taking of prime bank or insurance guarantees and the implementation of suitable recovery measures. Standard default interest is charged on late payments. Furthermore, the Group' credit exposure is spread over a large number of customers and this leads to a non-significant concentrations of the credit risk. Notwithstanding the foregoing, a single default by a major financial counterparty, or an increase in current default rates by counterparties generally, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to liquidity risk

Liquidity risk is the risk that the Group, while solvent, may not be able to meet its payment commitments or to obtain financial resources or otherwise it may be able to do so only on unfavourable conditions. The two main factors that determine the liquidity of the Group are, on the one hand, the resources generated or used by its operating and investment activities and, on the other hand, the maturity and renewal dates of the financial indebtedness. In order to manage the liquidity risk, the Group has adopted a series of policies and processes to streamline the management of financial resources, thereby reducing liquidity risk: (i) centralised management of cash-flows; (ii) maintenance of an adequate level of available liquidity; (iii) financing of the capital expenditures with long-term indebtedness and financing of the day-by-day operations with short-term indebtedness; and (iv) monitoring of prospective liquidity conditions, in relation to the business planning process. However, these policies may not be sufficient to manage and cover such risk. To the extent they do not, this may have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to risks associated with fluctuations in the prices of certain commodities

In the ordinary course of business, the Group is exposed to commodity price risk, namely the market risk linked to fluctuations in the price of raw materials (*e.g.* natural gas, electricity) and exchange rates associated with them. Notwithstanding the fact that Group may adopt risk management policies including, *inter alia*, the entering into of hedging transactions, there can be no guarantee that the relevant risks will actually be mitigated. Any failure to properly manage the risk of significant fluctuations in the price of commodities could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and may have a negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

AIM Vicenza and its subsidiaries are defendants in a number of legal proceedings and may from time to time be subject to further legal proceedings and inspections by the authorities

AIM Vicenza and certain companies of the Group are defendants in civil, tax and administrative proceedings, which are incidental to their business activities. For further information in this respect, see "*Description of the Issuer – Legal proceedings*" below. AIM Vicenza has made provisions in its consolidated financial statements as at 31 December 2016 for such proceedings. In certain cases, where the Issuer believes that litigation may not result in an adverse outcome or that such dispute may be resolved in a satisfactory manner and without significant impact on it, no specific provisions are made in the consolidated financial statements (for further information on the provisions made in the consolidated financial statements as at 31 December 2016, see also "*Description of the Issuer – Legal proceedings*" below. AIM Vicenza and the Group may, from time to time,

be subject to further litigation and to investigations by tax and other authorities. AIM Vicenza 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 or its subsidiaries, which may be in excess of its existing provisions. In addition, it cannot be ruled out that the Issuer and the Group may incur significant losses in addition to the amounts already provisioned in connection with pending legal claims and proceedings or future claims or investigations which may be brought owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management was unable to take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to make appropriate provisions as at the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) the underestimation of probable future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group, and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

AIM Vicenza is exposed to interest rate risk arising from its financial indebtedness

AIM Vicenza is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is at a fixed or floating rate. As at the date of this Prospectus, approximately 50 per cent. of the Group's borrowings were at a fixed rate. Part of the risk connected with the fluctuation of interest rates has been reduced by entering into hedging agreements. There can be no guarantee that the hedging policy adopted by AIM Vicenza and the Group, which is designed to minimise any losses connected to fluctuations in interest rates in the case of floating rate indebtedness by transforming them into fixed rate indebtedness, will actually have the effect of reducing any such losses. To the extent it does not, this could have a material adverse effect on the business, revenues, results of operations and financial condition of AIM Vicenza and the Group and have a consequent negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The loan agreements entered into by companies belonging to the Group may contain restrictive covenants

In carrying out their business, the companies belonging to the Group may enter into loan agreements. Any new indebtedness that the Group may incur may contain restrictive covenants (subject to any exceptions agreed between the Issuer and its lenders), restricting, among other things, the Issuer's ability to: make certain capital expenditures or investments; incur additional indebtedness or issue guarantees, including for the purpose of refinancing of existing indebtedness; sell, lease, transfer or dispose of assets; merge or consolidate with other companies; make a substantial change to the general nature of the Issuer's or the Group's business; pay dividends and make other distributions or restricted payments; and enter into transactions with affiliates.

The documentation for any of the Group's future borrowings may also provide for financial covenants, the breach of which would lead to an event of default, as well as other terms (including representations, covenants, mandatory prepayment provisions, trigger events and events of default), all of which are likely to be more restrictive than the Conditions.

The restrictions and limitations contained in the documentation in any future borrowings, as well as those contained in the Conditions, could affect the Group's ability to operate its business, such as its ability to finance its operations, fund capital expenditure and implement its investment plans or finance its capital needs. Additionally, its ability to comply with these covenants and restrictions may be affected by events beyond its control, including, prevailing economic, financial and industry conditions. Failure to comply with any of these covenants or restrictions, unless a prior waiver is obtained or amendment made, could constitute a default thereunder and, if any, under the Notes.

The same considerations apply to the credit facility agreement entered into on 8 July 2014 by AIM Vicenza and Banca Europea per gli Investimenti (the "**EIB Facility Agreement**"; for further information, see also "*Description of the Issuer – Financial agreements*" below). The EIB Facility Agreement contains, among other things, customary covenants and events of default. If the Issuer breaches any of these covenants or otherwise triggers an event of default under the EIB Facility Agreement, unless such default is cured or waived, the creditor could terminate its commitments and accelerate repayment of all amounts outstanding.

The foregoing might adversely affect the business prospects, revenues, results of operations and financial condition of AIM Vicenza and its Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer is a holding company and depends on its operating subsidiaries

The operations of the Group are, and may be, carried out by the Issuer primarily through its subsidiaries, as well as entities in which the Issuer or its subsidiaries have an interest but which they do not control, such as project companies and joint ventures, and therefore the Issuer may, *inter alia*, depend on the earnings and cash flows of, and the distribution of funds from, these subsidiaries and entities to meet its payment obligations, including its obligations with respect to the Notes.

Generally, creditors of such entities, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the entity, and preferred shareholders, if any, of the entity, will be entitled to the assets of that entity before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, be structurally subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries and other entities, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Furthermore, any limitations on the Issuer's ability to receive funds from its subsidiaries or such other entities, and any enforcement of the guarantees issued by the Issuer in favour of its subsidiaries or such other entities could have a negative impact on the business prospects, financial condition and results of operations of the Group and a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The Group's business may be adversely affected by the current disruption in the global credit market

Disruption in the financial markets and the global financial system in general and related challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group. Any worsening of general economic conditions in the markets in which it operates could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group

The Group's risk management system is designed to assist with the assessment, avoidance and reduction of risks which jeopardize its business. On 11 May 2011 the Board of Directors of AIM Vicenza approved (i) a code of conduct for the business relationships (*i.e.* the Code of Ethics) and (ii) the organisation management and supervision model (which was subsequently updated by the Sole Director of the Issuer on 21 April 2015) (the "**231 Model**") in accordance with Decree231/2001 aimed at protecting AIM Vicenza from the possible reckless or criminal acts which may be committed by its executives or employees. The Group has also appointed the Supervisory Body ("*Organismo di Vigilanza*") to oversee the functioning and updating of, and compliance with, the 231 Model.

Despite the risk management systems that AIM Vicenza currently has in place, there can be no assurance that violations of internal policies and procedures, applicable law or criminal acts by employees or third parties retained by the Group such as consultants and their employees can be entirely prevented. In addition, any failure by any Group entity to effectively adopt, update, or implement the risk management system entities could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor must consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has 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 or any applicable supplement;

(ii) has 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 such investment will have on its overall investment portfolio;

(iii) has 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) understands thoroughly the terms of the Notes and is familiar with the behavior of financial markets; and

(v) is 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 the potential investor 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 this investment will have on the potential investor's overall investment portfolio.

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

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

Redemption prior to maturity for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Italy or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. If this occurs, there can be no assurance that it will be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

The Notes are unsecured

The Notes constitute unsecured obligations of the Issuer and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and the Issuer's other Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer

to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and the other unsecured indebtedness of the Issuer.

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

A significant part of the operations of the Group equal to approximately 70 per cent. of the AIM Vicenza consolidated EBITDA as at 31 December 2016 is conducted through subsidiaries of the Issuer. Noteholders will not have a claim against any subsidiaries of the Issuer and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

The Issuer may not have sufficient funds at the time of occurrence of a Put Event to redeem outstanding Notes

Upon the occurrence of certain events relating to the Issuer as set out in "*Terms and Conditions of the Notes - Redemption and Purchase - Redemption at the Option of the Noteholders*", the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption or repurchase of Notes.

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

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

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

Risks relating to change of law or administrative practices

The conditions of the Notes are based on English law in effect as of the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or 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.

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

As mentioned in "*– Change of law or administrative practices*" above, the provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As of 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 mandatory 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 relating to Noteholders' meetings contained in the Fiscal Agency Agreement and summarised

in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

Decisions at Noteholders' meetings bind all Noteholders

Provisions relating to the meetings of Noteholders are contained in Schedule 5 to the Fiscal Agency Agreement and are summarised in Condition 14.1 (*Meeting of Noteholders, Noteholders' Representative, Modification – Meetings of 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 the market value of the Notes.

Insolvency laws applicable to the Issuer may not be as favourable to the Noteholders as bankruptcy laws in other jurisdictions

The Issuer is incorporated in the Republic of Italy. The Issuer and its Italian subsidiaries (as well as any of its subsidiaries whose centre of interests is deemed to be the Republic of Italy) will be subject to Italian insolvency laws. The Italian insolvency laws may not be as favourable to Noteholders' interests as creditors as the laws of other jurisdictions with which the Noteholders may be familiar.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Noteholders prior to the commencement of the relevant proceeding may be liable to claw-back by the relevant trustee. In particular, in a bankruptcy proceeding (*fallimento*), Italian law provides for a standard claw-back period of up to one year (six (6) months in some circumstances), although in certain circumstances such term can be up to two (2) years. In this regard, Article 65 of the Italian Royal Decree No. 267 of 16 March 1942, as subsequently amended, may be interpreted as to provide for a claw back period for two years applicable to any payment by the Issuer pursuant to an early redemption at the option of the Issuer if the stated maturity of the Notes falls on or after the date of declaration of bankruptcy of the Issuer.

Furthermore, under Italian law, holders of the Notes do not have any right to vote at any shareholders' meetings of the Issuer. Consequently, Noteholders cannot influence any decisions by the Board of Directors / Sole Director of the Issuer or any decisions by shareholders concerning the Issuer's capital structure, including the declaration of dividends in respect of the Issuer's ordinary shares.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg (together, the "**ICSDs**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive in definitive form ("**Definitive Notes**"). While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

Minimum Denomination

The Notes are issued in denominations of €100,000 or higher amounts which are integral multiples of €1,000, up to a maximum of €199,000. Although Notes may not be traded in amounts of less than €100,000, it is possible that they will be traded in amounts that are not integral multiples of €100,000. In such case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 may not

receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

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

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. However, there can be no assurance that the Notes will be accepted for listing or, if listed, will remain listed. 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, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Issuer's financial condition, performance and prospects. In an illiquid market, the Noteholders might not be able to sell their Notes at any time 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.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

Subject to applicable Italian laws and regulations, the ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the Securities Act or any U.S. State securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States 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 U.S. 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 and/or the Issuer 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 credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

The Notes may be delisted in the future

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made by the Issuer 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.

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 ("**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.

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.

INFORMATION INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank and the Irish Stock Exchange shall be incorporated in, and form part of, this Prospectus:

i. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2015 prepared in accordance with Italian GAAP, with the accompanying auditors' report, which can be found at http://www.aimgruppo.it/wp-content/uploads/2017/08/Audited-Consolidated-Financial-Statements-2015.pdf ;

Audited consolidated financial statements of the Issuer	**As at 31 December 2015**
Consolidated Balance Sheet	pages 1-4
Consolidated Income Statement	pages 5-7
Explanatory notes	pages 7-59
Report by the independent auditor	pages 82-83

ii. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2016 prepared in accordance with Italian GAAP, with the accompanying auditors' report which can be found at http://www.aimgruppo.it/wp-content/uploads/2017/08/Audited-Consolidated-Financial-Statements-2016.pdf .

Audited consolidated financial statements of the Issuer	**As at 31 December 2016**
Consolidated Balance Sheet	pages 1-4
Consolidated Income Statement	pages 5-8
Explanatory notes	pages 9-61
Report by the independent auditor	pages 81-82

iii. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2016 prepared in accordance with IFRS, with the accompanying auditors' report which can be found at http://www.aimgruppo.it/wp-content/uploads/2017/08/AIM-Vicenza-2016-IFRS-consolidated-financial-statements.pdf .

Audited consolidated financial statements of the Issuer	**As at 31 December 2016**
Consolidated Statement of Comprehensive Income	page 1
Consolidated Statement of Financial Position	page 2
Consolidated Statement of Cash Flows	page 3
Consolidated Statement of Changes in Equity	page 4
Explanatory notes	pages 5 - 61
Report by the independent auditor	pages 62 - 63

The page references indicated above correspond to the page references of the PDF document format.

The information incorporated by reference that is not included in the cross-reference lists above is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

Copies of documents incorporated by reference in this Prospectus will be electronically available for viewing on the website of the Irish Stock Exchange (*www.ise.ie*) and on the website of the Issuer (www.aimgruppo.it).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

This Prospectus should be read and construed together with the information incorporated by reference herein.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference herein of such documents shall not create any implication that there has been no change in the affairs of the Issuer or the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

USE OF PROCEEDS

The net proceeds of the proposed issue of Notes will be applied by the Issuer to fund its general corporate purposes, with specific reference to investments to be made in accordance with the Group's investment plan for the period 2016-2020. For further information, see "*Description of the Issuer – Business of the Group – Business Strategy*".

SELECTED FINANCIAL INFORMATION

The following tables contain consolidated balance sheet and income statement information of the Issuer as at and for the years ended December 31, 2016 and 2015, derived from the Issuer's audited consolidated annual financial statements as at and for the year ended December 31, 2016 prepared by management in accordance with Italian GAAP. This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's audited consolidated annual financial statements as at and for the years ended December 31, 2016 and 2015, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See *"lnformation lncorporated by Reference"*.

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in *"General Information - Documents on Display"*.

Certain financial information of the Issuer for the year ended on December 31, 2016 prepared by the Issuer on a voluntary basis under IFRS has been included in the tables below. Such consolidated financial information constitutes a summary of the consolidated financial information contained in the special purpose audited consolidated financial statements of A.I.M. Vicenza S.p.A. as at and for the year ended December 31, 2016, prepared on a voluntary basis by the Issuer in accordance with IFRS, exclusively for the purpose of the inclusion in this Prospectus and audited by BDO Italia S.p.A. (the "**Special Purposes IFRS Consolidated Financial Statements**"). See *"Consolidated financial information prepared in accordance with IFRS"*.

A.I.M. VICENZA S.p.A.

AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

	As at December 31,	
	2016	**2015**
(thousands of Euro)	**Italian GAAP**	**Italian GAAP**
Intangible assets	69,585	75,946
Tangible assets	234,240	240,463
Long-term investments	23,625	12,264
Total Fixed assets	**327,450**	**328,673**
Inventories	2,292	3,362
Receivables		
- Trade Receivables	85,537	95,686
- From associates	5,679	2,883
- From parent company	14,649	28,511
- For tax receivables	1,670	1,916
- For deferred tax assets	14,472	14,900
- From others	17,406	15,549
Financial assets other than fixed assets	37	37
Cash and cash equivalents	52,578	46,002
Total current assets	**194,320**	**208,846**
Accrued income and prepaid expenses	1,250	1,498
Total accruals and deferrals	**1,250**	**1,498**
TOTAL ASSETS	**523,020**	**539,017**

A.I.M. VICENZA S.p.A.

AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

	As at December 31,	
	2016	**2015**
(thousands of Euro)	**Italian GAAP**	**Italian GAAP**
Shareholders' equity		
Share capital	71,293	71,293
Legal reserve	681	550
Other reserves	64,163	63,898
Retained earnings (losses)	31,500	27,256
Profit (loss) for the year	9,028	7,370
Minority shareholders' equity		
Third party equity	1,856	2,229
Profit (loss) for the year to minority interests	40	293
Total consolidated shareholders' equity	**178,561**	**172,889**
Provisions	32,173	23,973
Total provisions	**32,173**	**23,973**
Employees severance indemnity	10,437	15,843
Total employees severance indemnity	**10,437**	**15,843**
Shareholders' loans	324	324
Payables to banks within 12 months	49,293	55,725
Payables to banks beyond 12 months	96,521	97,640
Other financial payables	2,577	2,945
Advances	3,692	3,691
Trade payables	48,755	49,594
Due to associate companies	17,173	19,513
Due to parent companies	22,049	24,802
Tax payables	14,602	17,923
Payables to social security institutions	1,781	2,279
Other payables	9,058	12,725
Total payables	**265,825**	**287,161**
Accrued expenses and prepaid income	36,024	39,151
Total accruals and deferrals	**36,024**	**39,151**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**523,020**	**539,017**

A.I.M. VICENZA S.p.A.

AUDITED CONSOLIDATED ANNUAL INCOME STATEMENTS

Income Statements	**2016**	**2015**
(thousands of Euro)	**Italian GAAP**	**Italian GAAP**
Value of production		
Revenues from sales and services	233,769	264,169
Change in work in progress, semi-finished and finished products inventories	(154)	63
Own work capitalised	10,067	10,598
Other revenues and income	21,488	29,157
Total value of production	**265,170**	**303,987**
Cost of production		
Cost of raw materials, consumables and goods for resale	(81,450)	(108,243)
Cost of services	(80,605)	(82,986)
Cost of third party assets	(4,813)	(4,185)
Personnel costs	(35,450)	(44,228)
Amortisation, depreciation and write-downs	(26,678)	(28,295)
Changes in inventories of raw materials, consumables and goods for resale	(181)	(49)
Provision for risks	-	(160)
Other provisions	(2,772)	(4,502)
Sundry operating costs	(13,069)	(10,736)
Total costs of production	**(245,018)**	**(283,384)**
Difference between value and costs of production	**20,152**	**20,603**
Financial income and costs		
Other financial income	328	408
Interest and other finance costs	(5,320)	(6,015)
Total financial income and costs	**(4,992)**	**(5,607)**
Revaluations	682	687
Impairment	(31)	-
Total adjustments to value of financial assets	**651**	**687**
Profit (loss) before tax	**15,811**	**15,683**
Current and deferred income taxes for the year	(6,743)	(8,020)
Profit (Loss) for the year	**9,068**	**7,663**
Profit (loss) of non-controlling interests	40	293
Profit (loss) of group shareholders	**9,028**	**7,370**

Consolidated financial information prepared in accordance with IFRS

The consolidated financial information included in the tables below constitutes a summary of the consolidated financial information contained in the Special Purposes IFRS Consolidated Financial Statements. The tables below should be read in conjunction with the Special Purposes IFRS Consolidated Financial Statements incorporated by reference in this Prospectus. See *"lnformation lncorporated by Reference"*.

Assets

	As at December 31,	
	2016	**2015**
(thousands of Euro)	**IFRS**	**IFRS**
Non-current assets		
Rights on assets under concession	149,941	149,313
Other intangible assets	53,551	58,503
Property, plant and equipment	107,167	117,311
Investments	10,515	7,032
Deferred tax assets	15,419	15,779
Other non-current assets	9,002	2,771
Total non-current assets	**345,595**	**350,709**
Current assets		
Trade receivables	101,531	126,323
Inventories	2,292	3,362
Cash and cash equivalents	52,577	46,002
Other current assets	26,036	19,757
Total current assets	**182,436**	**195,444**
TOTAL ASSETS	**528,031**	**546,153**

Liabilities and shareholders' equity

	As at December 31,	
	2016	**2015**
(thousands of Euro)	**IFRS**	**IFRS**
Equity		
Share capital	71,293	71,293
Reserves	96,007	92,358
Net profit	10,663	7,996
Total group equity	**177,963**	**171,647**
Non controlling interest	1,895	2,522
Total equity	**179,858**	**174,169**
Liabilities		
Non-current liabilities		
Provisions for risks and charges	25,791	19,910
Provision for employee severance indemnities	10,876	15,338
Deferred tax liabilities	7,733	8,035
Non-current financial liabilities	96,886	100,524
Other non-current liabilities	36,348	39,518
Total non-current liabilities	**177,634**	**183,325**
Current liabilities		
Trade payables	66,336	75,060
Current financial liabilities	51,623	56,060
Current tax payable	1,107	3,759
Other current liabilities	51,473	53,780
Total current liabilities	**170,539**	**188,659**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**528,031**	**546,153**

Income Statements	**2016**	**2015**
(thousands of Euro)	**IFRS**	**IFRS**
Revenues	233,615	264,232
Other revenues and income	31,555	38,931
Total revenues and income	**265,170**	**303,163**
Costs of raw materials, consumables and goods	(81,632)	(108,292)
Costs for services	(85,483)	(87,388)
Personnel costs	(35,308)	(44,028)
Amortization, depreciation, writedowns and accruals	(26,740)	(31,532)
Other operating costs	(13,069)	(10,675)
Total operating costs	**(242,232)**	**(281,915)**
Operating profit	**22,938**	**21,248**
Financial income and costs		
Financial income	1,028	1,121
Financial expenses	(5,897)	(6,515)
Total financial income and costs	**(4,869)**	**(5,394)**
Profit before income taxes	**18,069**	**15,854**
Income taxes	(7,366)	(7,565)
Profit for the year	**10,703**	**8,289**
of which:		
Profit attributable to the Group	10,663	7,996
Profit attributable to the non controlling interest	40	293
Other comprehensive income	**(415)**	**893**
Total comprehensive income	**10,288**	**9,182**
of which:		
Total comprehensive income for the year attributable to the Group	10,248	8,889
Total comprehensive income for the year attributable to the non controlling interest	40	293

DESCRIPTION OF THE ISSUER

OVERVIEW

Aziende Industriali Municipali Vicenza S.p.A. ("**AIM Vicenza**" or the "**Issuer**") is a joint stock company limited by shares (*società per azioni*) incorporated in Italy according to the provisions of the Italian Civil Code. Its registered office and principal place of business is at Contrà Pedemuro San Biagio 72, 36100 – Vicenza, Italy and it is registered with the Companies' Register of Vicenza under number 95007660244, Fiscal Code 95007660244 and VAT Number 00927840249. AIM Vicenza may be contacted by telephone on +390444394911 and by e-mail at aimvicenza@legalmail.it.

In accordance with its by-laws, the duration of AIM Vicenza is until 31 December 2050, subject to extension.

The corporate objects of AIM Vicenza, as provided by Article 3 of its by-laws, are, *inter alia,* to carry out, directly or indirectly, the following public services (*servizi pubblici* pursuant to Italian law), services of general interest (*servizi di interesse generale* pursuant to Italian law) and public utility services (*servizi di pubblica utilità* pursuant to Italian law): production, distribution and sale of gas, heat and electricity, telecommunication service, integrated water service, integrated mobility services, waste management services, maintenance services, parking services, graveyard services, management of public assets or public assets under concession and logistics services. AIM Vicenza may also carry out, directly and/or indirectly, also through the acquisition of equity interests in other companies, public entities, consortia or enterprises, any other activity which is instrumental, related or complementary to its core business activities, excluding those activities reserved by law to particular categories of parties. The Issuer may also engage in real estate, commercial, industrial and other transactions that further the achievement of its corporate purpose, including without limitation the granting of personal guarantees, endorsements (*avalli*) and security interests, only for the benefit of the companies belonging to the Group (as defined below), and the direct or indirect acquisition, only for investment and not placement purposes, of holdings in companies operating in the same sector or in analogous or connected segments. AIM Vicenza may also, in the context of the Group (as defined below), carry out lending and, to the extent permitted by the administrative and civil laws, financing activities in favour of the company belonging to the Group, as well as the centralised treasury management, provided however that such activities shall not constitute financial activities with the public.

AIM Vicenza is the parent company of the group consisting of AIM Vicenza and its subsidiaries (collectively, the "**Group**"). The Group provides integrated multi-utility services mainly in the Veneto Region (in the North-East of Italy). In particular, the Group operates in the sectors of electricity (production, distribution and sale), gas (distribution and sale), heat (production, distribution and sale), environmental services (collection and disposal of waste and urban cleaning). The Group also provides other public utility services which include, *inter alia*, telecommunications, public transportation, parking services, public lighting, traffic light services and facility management. For further information, see "*Business of the Group*".

As at the date of this Prospectus, AIM Vicenza has a share capital of Euro 71,293,000 divided into 1,425,860 ordinary shares having a nominal value of Euro 50.00 each. The Issuer's shares are not listed on any regulated market. For further information on AIM Vicenza shareholders, see "*Corporate Governance – Shareholders*".

The Group generated revenues of Euro 265 million in 2016, compared to Euro 303 million in 2015, recording a decrease of 12.5 per cent. Such decrease was mainly due to (i) the transfer by AIM Mobilità S.r.l. of its local public transportation branch to the new-co SVT S.r.l. (-13 million Euro) and (ii) the reduction of the revenues arising from the gas and electricity sales (-28 million Euro) in light of a decrease of the electricity volumes sold and a reduction of the tariffs applied in relation to both gas and electricity, which in turn has resulted also in a consequent reduction of the costs for purchasing raw materials.

HISTORY AND DEVELOPMENT OF THE ISSUER

AIM Vicenza commenced to operate the distribution of gas and electricity in 1906 as a municipal company (*azienda municipalizzata*).

In 1907, AIM Vicenza increased and strengthened the electricity and gas plants and distribution networks.

In 1911, AIM Vicenza started operating the electric tram in the Municipality of Vicenza.

In 1963, a gas storage facility was built in Monte Crocetta and in 1964 the headquarter in the Municipality of San Biagio was inaugurated.

In 1985, the district heating station was built by AIM Vicenza.

On 1st January 1996, AIM Vicenza was transformed into a special company (*azienda speciale*) named Aziende Industriali Municipali pursuant to Law 8 June 1990, No. 142. Then in 2000 it was transformed into a joint stock company limited by shares (*società per azioni*) named Aziende Industriali Municipali Vicenza S.p.A., the current Issuer.

In 2002, AIM Vendite S.r.l. (now AIM Energy S.r.l.) was incorporated as a limited liability company (*società a responsabilità limitata*) pursuant to Italian law. Such company became operational in 2003 in the sale of gas, heat and electricity to final customers and wholesale, following the transfer of AIM Vicenza sale branch.

In 2005, the businesses carried out at that time by the Issuer were split among special-purpose companies and AIM Vicenza became the operational holding company of the Group with full control of such special-purpose companies.

As of 2008, AIM Vicenza Acqua S.p.A. (which was then renamed into Acque Vicentine S.p.A.) was no longer part of the Group.

In 2009, AIM Vicenza Gas S.p.A. and AIM Vicenza Telecomunicazioni S.p.A. were merged by way of incorporation into AIM Vicenza Energia S.p.A., which was then transformed into a limited liability company (*società a responsabilità limitata*) under the name of AIM Servizi a Rete S.r.l., which was then renamed as Servizi a Rete S.r.l.

In 2009, Berica Energia S.r.l. and Generazione 4 S.p.A. were merged by way of incorporation into AIM Vendite S.r.l., which was then renamed as AIM Energy S.r.l., a company operating the electricity, gas and heat sale in the free market segment (*libero mercato*).

In 2010, Valore Città AMCPS S.r.l. was incorporated as a limited liability company (*società a responsabilità limitata*) pursuant to Italian law. Following the transfer of AIM Vicenza AMCPS branch, since 2011 Valore Città AMCPS S.r.l. has been operating in the facility management sector.

In 2012, AIM Ecoenergy S.r.l. and 2VEnergy S.r.l. were incorporated as limited liability companies (*società a responsabilità limitata*), two companies 51 per cent. and 50 per cent. owned by AIM Energy S.r.l. respectively. In particular, AIM Ecoenergy S.r.l. operates in the renewable energies sector and carries out the installation, management and sale of photovoltaic plants whilst 2VEnergy S.r.l. operates in the gas and electricity purchase and sale sector. In 2013, the Municipality of Vicenza (which is the sole shareholder of the Issuer) resolved upon the termination for AIM Vicenza of the "in-house providing" system and AIM Energy S.r.l. acquired a 15 per cent. equity interest in Soenergy S.r.l., a company operating the gas and electricity sale in the free market segment (*libero mercato*).

In 2014, AIM Vicenza, AVA Schio, Alto Vicentino Ambiente S.r.l., Contarina S.p.A. and Ecoambiente Rovigo signed a network agreement pursuant to which "Rete Ambiente Veneto" was created, the first network that has determined the cooperation among companies operating in the integrated waste cycle sector in 192 Municipalities in the Veneto Region, equal to 33 per cent. of all the Municipalities of the Veneto Region.

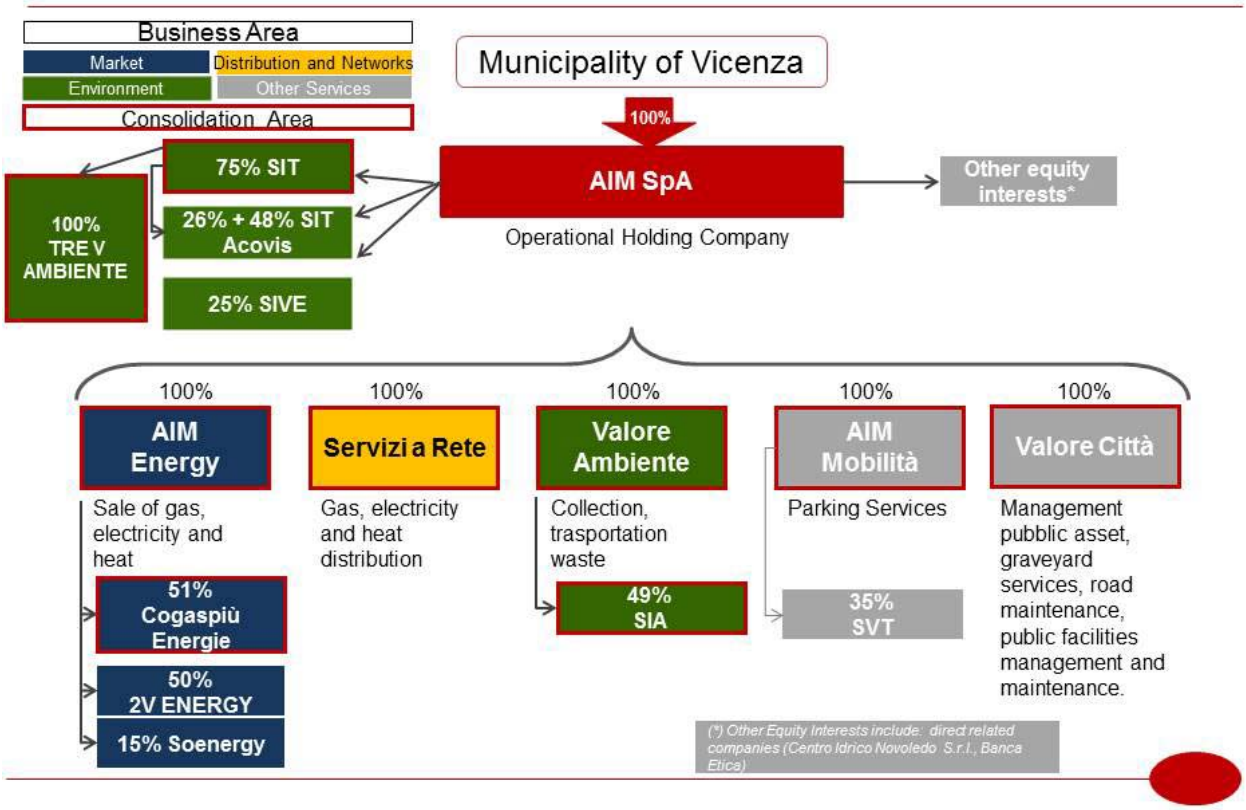
In 2015, AIM Energy S.r.l. purchased a 51 per cent. equity interest in Cogaspiù Energie S.r.l, a company operating in the gas and electricity sale sector.

In 2016, AIM Mobilità S.r.l. transferred its local public transportation branch to the new-company SVT S.r.l., a company 35 per cent. owned by AIM Mobilità S.r.l. and 65 per cent. owned by FTV S.p.A. which carries out the management of urban and suburban public transportation in the Municipality of Vicenza and in the Province of Vicenza. Furthermore, AIM Vicenza transferred to SVT S.r.l. its branch related to the supporting and auxiliary services to the local public transportation activity.

In 2016, AIM Energy S.r.l. sold to Manni Energy S.p.A. its 51 equity interest in AIM Ecoenergy S.r.l.

THE GROUP – STRUCTURE DIAGRAM

The following diagram sets forth the structure of the Group as at the date of this Prospectus.



BUSINESS OF THE GROUP

Introduction

The Group is mainly active in the field of electricity (production, distribution and sale), gas (distribution and sale), heat (production, distribution and sale), environmental services (collection and disposal of waste and urban cleaning). The Group also provides other public utility services which include, *inter alia*, telecommunications, public transportation, parking services, public lighting, traffic light services, cemetery services and facility management services.

As at the date of this Prospectus, the businesses of the Group include both fully regulated services managed under "licensed concessionary regimes" (*i.e.* gas and electricity distribution, electricity production through the hydroelectric plant of Lobia (managed by Servizi a Rete S.r.l.) and the thermoelectric power plant of Mincio (managed by Servizi a Rete S.r.l. together with AGSM Verona S.p.A., A2A Milano S.p.A. and Dolomiti Energia), cemetery services management, urban cleaning, waste collection services, public lighting, public facilities management, road maintenance, green area maintenance, parking area services) (the "**Regulated Activities**") and businesses managed under "free competition" regimes (*i.e.* gas and electricity sale, district heating, electricity production (with the exception of electricity production through the hydroelectric and thermoelectric plants which is dependent on concessions) (the "**Liberalised Activities**"). For further information on the regulatory framework, see also "*Regulation*" below.

Business segments

The Group's activities are currently organised through the following main business areas:

- Market: it includes the sale of gas, electricity and heat;
- Distribution and Networks: it includes the distribution of gas and electricity, the production of electricity through the hydroelectric, thermoelectric and photovoltaic plants;

- Environment: it includes collection and disposal of waste and urban cleaning; and
- Other services: it includes parking services, public lighting, road maintenance, facility management, cemetery services and public transportation.

The chart below provides for a breakdown of the businesses carried out by the Group pointing out the companies that are in charge of the management / supply of the relevant service and the companies holding the relevant contract / concession.

Business strategy

The main strategic pillars envisaged in the 2016-2020 business plan of the Group (the "**Business Plan**") are as follows:

1. *Market*:

(i) Optimization of the gas and power supply sources;

(ii) Development of the customer base through the acquisition of equity interests in "targeted" companies and/or small companies in the relevant area;

(iii) Development of new services for the final customers

(iv) Organic development; and

(v) Customer loyalty through customer relationship management programs.

2. *Distribution and Networks of gas and electricity*:

(i) Participation to tenders for the awarding of minimum territorial areas (*Ambiti territoriali minimi*, "**Atem**") in relation to gas distribution services and maintenance of the POD (*points of delivery*) currently managed in the electricity distribution sector;

(ii) Investment for the renewal and automation of assets in the electricity network;

(iii) Strengthening of the Municipality of Vicenza's district heating network.

3. *Environment*:

(i) Strengthening of the market position in the Municipality of Vicenza and in the adjacent territories;

(ii) Creation and development of a network of companies operating in the waste sector;

(iii) Development of the plants in order to improve the performance of the service and development of the services in areas which are not currently served.

4. *Group*:

(i) Corporate reorganisation / simplification of the corporate structure through, *inter alia*, (a) the transfer of the equity interests held in companies operating in the environmental sector to Valore Ambiente S.r.l., which will become the sub-holding company of the Group in such business area; (b) the reduction of the operational activities carried out by the Issuer through the transfer of certain business branches; (c) the transfer of the electricity production branch from Servizi a Rete to a new-company wholly owned by AIM Vicenza in order to discharge the unbundling obligations provided by Resolution No. 296 of 22 June 2015 issued by the Italian Regulatory Authority for Electric Energy Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico* – AEEGSI) pursuant to which operators in the electricity and gas sector shall maintain a functional separation between the brand, other distinguishing marks (including the company name) and communication policies of distribution companies and those of the companies selling energy which operate within the same group; and (d) the disposal of non-strategic assets;

(ii) Logistics optimization of the Group's operating headquarters;

(iii) Investments in electricity sources, including renewable sources;

(iv) Optimization of the Group's financial structure.

Vision

The Group's vision is to become an even more important and leader multi-service company in the Municipality of Vicenza, streamlined, dynamic, competitive, authoritative, active at a national and regional level. The Group's objective is to improve its infrastructures, by means of technological innovation in all the area of public utility services, as well as by acquiring equity interests in other companies and setting up partnerships.

Mission

The mission of the Group is to provide public utility services in an integrated way and with a fair quality-price balance, providing the communities with infrastructures aimed at enhancing such public utility services. The corporate mission characterizes all the activities carried out by the Group and confirms the strategic goals of the Group to be pursued through the maximization of the following principles: fairness, social integration and sustainability of the development.

For further information on the business approach See also "– *Business Strategy*" above and "– *Sustainability*" below.

OPERATING COMPANIES

AZIENDE INDUSTRIALI MUNICIPALI VICENZA S.P.A.

AIM Vicenza provides a number of public services in the Municipality of Vicenza and other municipalities. In particular, it carries out the following activities also through its subsidiaries:

- management and operation of the service named "Global Service", under an agreement entered into in 2009 with the Municipality of Vicenza and expiring in 2019 (the "**Global Service Agreement**"). The Global Service Agreement regulates the technical-economic terms and conditions of the supply of the following services: road maintenance, green areas maintenance, parking services and public lighting. The Issuer, which carries out such activities through its subsidiary Valore Città AMCPS S.r.l., is the holder of the relevant concessions granted by the Municipality Council of Vicenza resolutions No. 59/1995 and 86/1999 and that will expire in 2025. Such concessions have been integrated by the provisions of the Global Service Agreement related to the technical-economic terms and conditions of the supply of the mentioned services;

- the distribution of gas, through its subsidiary Servizi a Rete S.r.l., in the Municipality of Treviso, under a service agreement entered into in 2005 by AIM Vicenza and the Municipality of Treviso for a twelve-year period, which has expired on 18 May 2017. Therefore, the distribution of gas in the Municipality of Treviso is carried out pursuant to a *prorogatio* regime (for further information on the concessions, awarding process and *prorogatio* regime see also "*Regulation*" below). The tender for the awarding of the gas distribution service for the Atem of Treviso is scheduled to be announced in December 2017 and the awarding of the gas distribution service is envisaged to take place in the first semester of 2018;

- the ownership and the right to use, pursuant to a concession expiring in 2029, networks and plants necessary to provide public water distribution services (*e.g.* the aqueduct located in the Municipality of Vicenza managed by Acque Vicentine S.p.A. which provides the service and pays certain royalties to AIM Vicenza pursuant to a lease agreement entered into with the Issuer and expiring on 31 December 2026). Such royalties, which are determined in accordance with certain criteria of the AEEGSI and the *Autorità d'Ambito Territoriale Ottimale – A.A.T.O.*, amounted in 2016 to approximately Euro 2.8 million;

- management and maintenance, through its subsidiary Valore Città AMCPS S.r.l., of the main properties of the Municipality of Vicenza (*e.g.* schools, institutional buildings and public housing). AIM Vicenza is the holder of the relevant concessions granted by the Municipality Council of Vicenza resolutions No. 58/1995 and 86/1999 and that will expire in 2025. The Issuer also manages its own real estate assets, including its own photovoltaic plants;

- management, through its subsidiary Valore Ambiente S.r.l., of the integrated waste cycle in the optimal areas specifically identified for the waste sector (*ambiti ottimali rifiuti - ATO*) of Vicenza. AIM Vicenza is the holder of the relevant concession granted by the Municipality Council of Vicenza resolution No. 57/1995 which will expire in 2025;

- the planning, construction, and operation of broadband fibre optic connections, since 2001 and pursuant to a 29-years concession granted by the Municipality Council of Vicenza resolutions No. 180/2001. Such project covers the territory of the Municipality of Vicenza and enables residents to receive the most modern multimedia services offered by national operators, although it might be expanded to outside communities.

Furthermore, the Issuers provides administrative and general services to its subsidiaries through special services agreements, generating revenues of Euro 7,924,394 in 2016.

AIM VICENZA'S SUBSIDIARIES

The paragraphs below provide a brief description of AIM Vicenza's operating subsidiaries as at the date of this Prospectus.

AIM Energy S.r.l.

AIM Energy S.r.l. ("**AIM Energy**") is a limited liability company (*società a responsabilità limitata*) established in 2002 (originally named AIM Vendite S.r.l.) which carries out the electricity, natural gas and heat sale in the free market segment (*libero mercato*) to industrial customers, small and medium-sized companies and final customers pursuant to authorisation No. 493370/2004 of the Ministry of Productive Activities (*Ministero delle Attività Produttive*) and authorisation of the Municipality of Vicenza No. 27115/2008.

AIM Energy is currently wholly owned by AIM Vicenza. Furthermore, AIM Energy currently holds: (i) a 51 per cent. equity interest in Cogaspiù Energie S.r.l., a company operating in the natural gas and electricity sale sector; (ii) a 50 per cent. equity interest in 2V Energy S.r.l., a company operating in the natural gas and electricity sale sector; and (iii) a 15 per cent. equity interest in Soenergy S.r.l., a company operating the gas and electricity sale in the free market segment (*libero mercato*).

According to the Business Plan, on 1 January 2016 AIM Vicenza transferred to AIM Energy the customers and users branch and the credit management branch with the aim of optimizing the operational management and the relationships with customers and users.

AIM Energy supplies natural gas and electricity to over 170,000 customers located in more than 2,400 cities, mainly located in the provinces of Vicenza, Treviso, Padua, Brescia, Bergamo and Milan.

In 2016 AIM Energy sold over 220 million cubic meters of natural gas and more than 330 million kWh of electricity.

Servizi a Rete S.r.l.

Servizi a Rete S.r.l. ("**Servizi a Rete**") is a limited liability company (*società a responsabilità limitata*) resulting from the merger by way of incorporation of AIM Vicenza Gas S.p.A. and AIM Vicenza Telecomunicazioni S.p.A. into AIM Vicenza Energia S.p.A., which occurred in 2008. Concurrently with such merger by way of incorporation, AIM Vicenza Energia S.p.A. was transformed into a limited liability company (*società a responsabilità limitata*) under the name of AIM Servizi a Rete S.r.l., which in July 2016 was then renamed into Servizi a Rete S.r.l.

Servizi a Rete is currently wholly owned by AIM Vicenza.

Servizi a Rete currently operates through the following units:

- *Gas unit*

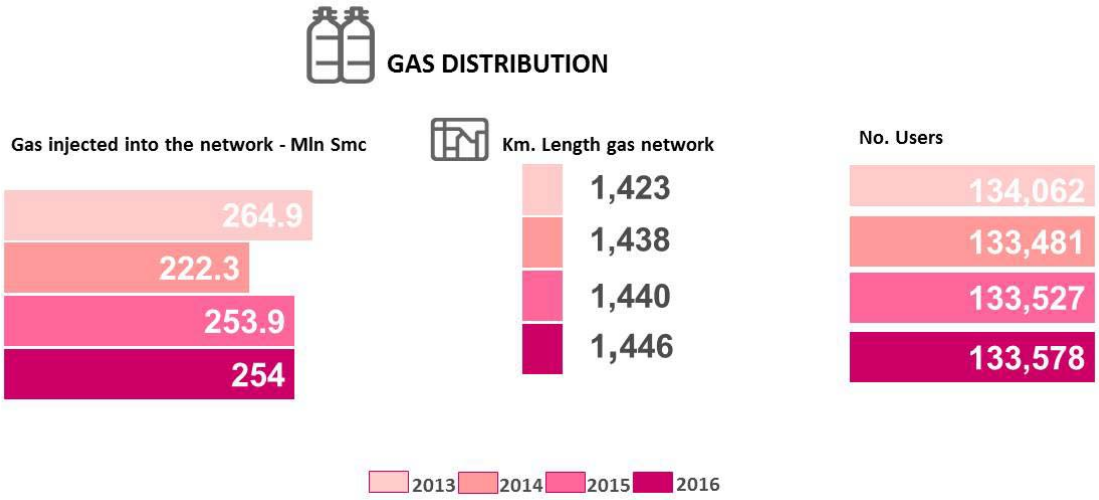
The gas unit carries out the gas distribution:

- within the Municipality of Vicenza and across certain Municipalities in the Province of Vicenza, pursuant to service agreements entered into with the mentioned Municipalities and expiring in 2018; and

- within the Municipalities of Gazzo, Grantorto, Grumolo delle Abbadesse and Villaverla, pursuant to service agreements entered into with the mentioned Municipalities and expiring in 2023.

Furthermore, Servizi a Rete manages, on behalf of AIM Vicenza, the gas distribution service in the Municipality of Treviso under a service agreement entered into in 2005 by AIM Vicenza and the Municipality of Treviso for a twelve-year period, which has expired on 18 May 2017. The tender for the awarding of the gas distribution service for the Atem of Treviso is scheduled to be announced in December 2017 and the awarding of the gas distribution service is envisaged to take place in the first semester of 2018.

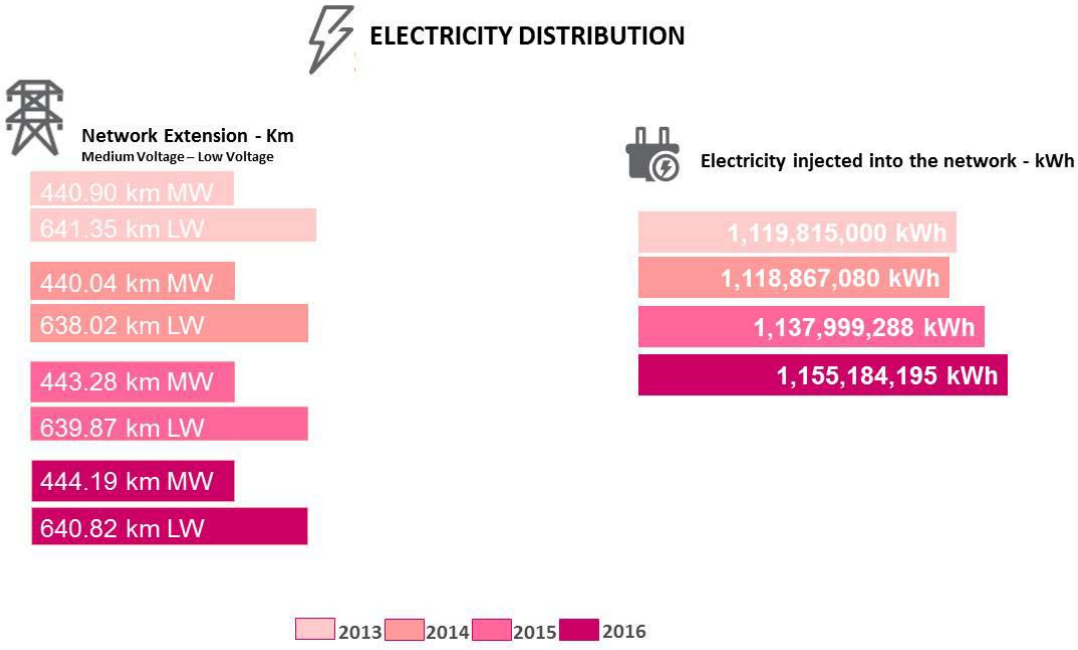
The chart below provides for a breakdown of the main data and information related to the gas distribution business.



- *Electricity unit*

The electricity unit carries out the electricity distribution within the Municipality of Vicenza pursuant to the 30-year concession granted by a decree of the Ministry of Economic Development (*Ministero dello Sviluppo Economico*, formerly the Ministry of Productive Activities, *Ministero delle Attività Produttive*) dated 3 May 2001. The city's power grid supplies 71,522 POD (*points of delivery*), while volumes of electricity distributed to final customers, deriving from the national network, amount to 1,134,168 MWh; the physical development of the power grid in the Municipality of Vicenza is 1106.6 km of which 444.2 km in medium voltage.

The chart below provides for a breakdown of the main data and information related to the electricity distribution business.



- *Public lighting unit*

The public lighting unit carries out the public lighting service within the Municipality of Vicenza in accordance with the terms and conditions set out under the concession granted to AIM Vicenza by the Municipality Council of Vicenza resolutions No. 59/1995 and 86/1999, which will expire in 2025. The number of light points installed within the Municipality of Vicenza amounts approximately to 16,210.

- *District heating unit*

The district heating unit carries out the heat production and distribution within the Municipality of Vicenza pursuant to authorisation No. 27115/2008 of the Municipality of Vicenza which will expire in 2029.

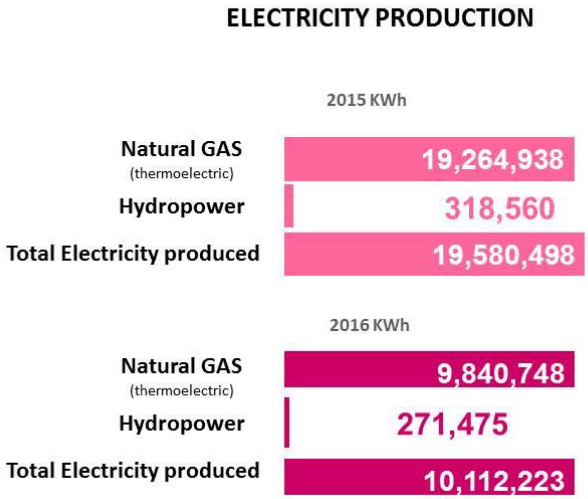
The chart below provides for a breakdown of the main data and information related to the district heating business.

- *Distribution services unit*

The distribution services unit carries out the invoicing activities and preparatory services to the main activities.

In addition to the above, Servizi a Rete carries out, in accordance with an authorisation of the Veneto Region, electricity production through the hydroelectric plant of Lobia (which is wholly owned by Servizi a Rete and produces approximately 271,475 kWh of energy per year) and the thermoelectric power plant of Mincio (which is 5 per cent. owned by Servizi a Rete and produces approximately 9,840,784 kWh of energy per year).

The chart below provides for a breakdown of the main data and information related to the electricity production.

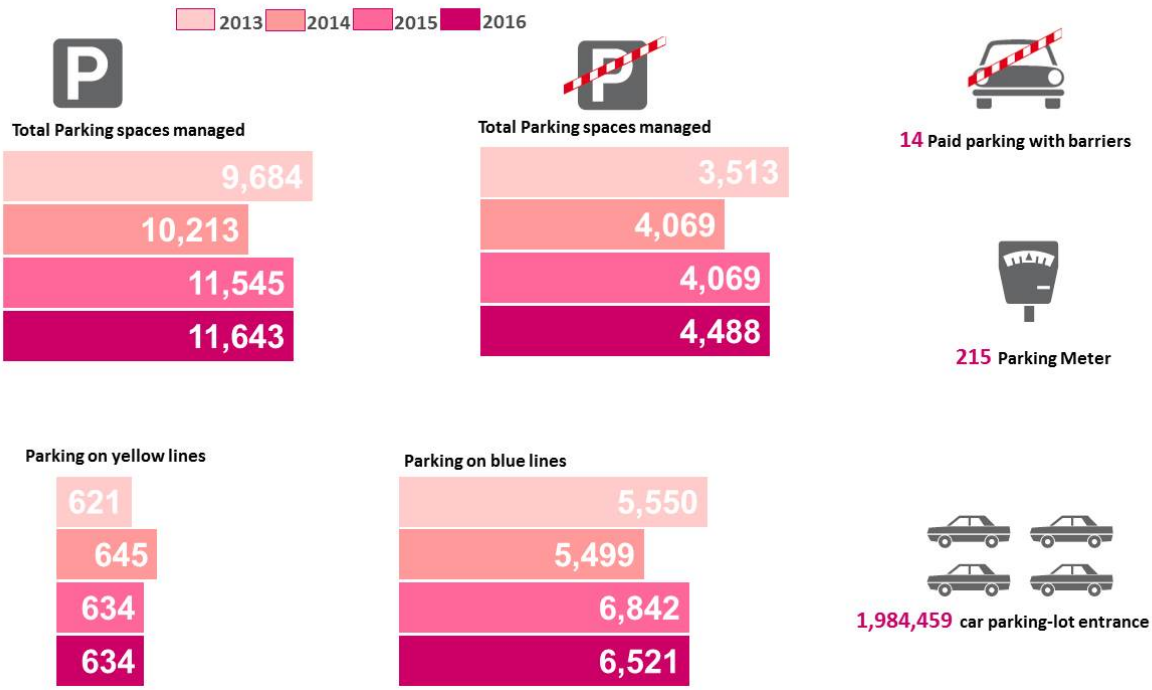


AIM Mobilità S.r.l.

AIM Mobilità S.r.l. ("**AIM Mobilità**") is a limited liability company (*società a responsabilità limitata*) resulting from the partial demerger of AIM Vicenza. AIM Mobilità is currently wholly owned by AIM Vicenza.

AIM Mobilità manages, pursuant to the Administrative Concession no. 27375 of 20 November 2009, expiring in 2025, the parking areas service and the blue and yellow stripes in the Municipality of Vicenza, managing and maintaining over 10,000,000 car parks. In particular. the services and activities carried out by AIM Mobilità are mainly focused on: (i) the management of surface parking and existing structures, the resident's reserved park in old town of Vicenza (car parks limited by yellow stripes), the car parks positioned along the road and inside park's building (car parks limited by blue stripes), the interchange parking hub, the access control systems for restricted traffic zones and reserved lanes; (ii) the construction and/or management of new paid parking areas; and (iii) the activities to control, detect and sanction violations within car parks.

The chart below provides for a breakdown of the main data and information related to the parking area service carried out by AIM Mobilità.



Furthermore, up to 29 February 2016, AIM Mobilità has operated also the urban and suburban public transportation service in the Municipalities of Vicenza, Altavilla Vicentina, Creazzo, Monteviale, Costabissara, Torri di Quartesolo, Caldogno, Monticello Conte Otto, Gambugliano, Longare, Sovizzo, Bolzano Vicenino, Arcugnano and Quinto Vicentino, serving approximately 11 million passengers per year. Pursuant to a notarial deed dated 25 February 2016 and for the purposes of implementing the companies and shareholdings' rationalisation plan approved by the Province and the Municipality of Vicenza, AIM Mobilità transferred its local public transportation branch to the new-co SVT S.r.l., a company 35 per cent. owned by AIM Mobilità.

Valore Ambiente S.r.l.

Valore Ambiente S.r.l. ("**Valore Ambiente**") is a limited liability company (*società a responsabilità limitata*) established in 2002 which carries out the collection, transportation, management and disposal of industrial, commercial and urban waste, including special waste and the management of the waste disposal facilities, in compliance with the terms and conditions set out under concession granted to AIM Vicenza by the Municipality Council of Vicenza resolutions No. 57/1995, expiring in 2025.

In 2006, AIM Vicenza purchased the 100 per cent. of the corporate capital of Valore Ambiente which, following the transfer from AIM Vicenza of its environmental hygiene branch, since 2009 carries out also urban cleaning services within the territory of the Municipality of Vicenza, in compliance with the terms and conditions set out under concession granted to AIM Vicenza by the Municipality Council of Vicenza resolutions No. 57/1995, expiring in 2025**.**

Valore Ambiente is currently wholly owned by AIM Vicenza. Furthermore, Valore Ambiente currently holds a 49 per cent. equity interest in Società Intercomunale Ambiente S.r.l. ("**SIA**"), a company established in 2011 that is entrusted with the management of the urban solid waste landfill (owned by Valore Ambiente) located in the Municipality of Grumolo delle Abbadesse pursuant to an authorisation granted to SIA by the Province of Vicenza. In addition, SIA carries out all the related and connected activities which are necessary and functional to the operation of such landfill. In order to achieve maximum efficiency and cost-effectiveness of the landfill, Valore Ambiente and SIA entered into a service agreement pursuant to which Valore Ambiente has undertaken to provide to SIA its technical-administrative resources and its know-how gained in the management of the integrated waste cycle.

Valore Ambiente operates through more than 160 vehicles, with a basin of about 113,000 people served, with a total number, including commercial, craft and industrial activities of 61,800 utilities.

The chart below provides for a breakdown of the main data and information related to the business carried out by Valore Ambiente in 2016.

The 23rd Urban Ecosystem Report 2016 places the Municipality of Vicenza at the 14th place nationwide among the 101 capital cities surveyed, with an improvement of two positions compared to the 2015 survey. In addition, the Municipality of Vicenza ranks 5th among the 45 municipalities with a population of over 100,000 inhabitants.

- *Waste management services*

Valore Ambiente operates the whole cycle of urban waste in the Municipality of Vicenza through operational headquarters (the one located in Mure San Rocco is owned by the Municipality of Vicenza and leased to Valore Ambiente, whilst those located in Ca' Perse and Pelosa are partly owned by Valore Ambiente and partly leased to it) and treatment and transfer facilities (the one located in Monte Crocetta is owned by Valore Ambiente, whilst those located in Biron di Sopra and Casale are owned by the Municipality of Vicenza and managed by Valore Ambiente).

Valore Ambiente provides for a wide range of waste management services, which include, *inter alia*: (i) collection of solid urban waste and assimilated; (ii) separate collection of paper, glass, organic, green, plastic / cans, garments, batteries / drugs in addition to the other active lines at *ecocentro*; (iii) leaf collection; (iv) bulky collection at home; (v) recycling management (three within the territory); and (vi) pre-treatment and treatment of waste.

In 2016, the total waste treated amounted to 67,190 tons whilst the waste collected separately amounted to 44,168 tons, including inert waste. According to the model of the High Institute for the environmental protection and research (*Istituto superiore per la protezione e la ricerca ambientale* – ISPRA), the separate collection level amounted to 66.56 per cent.

The chart below provides for a breakdown of the main data and information related to the waste collection services provided by Valore Ambiente.

Methodologies of the waste collection services provided by Valore Ambiente range from push mechanism, also with access control systems, to door-to-door home-based services, with the flexibility required by the multiple needs of a capital city of province. Over the years, 16 separate collection lines have been progressively launched, each with a methodology that is appropriate to the type of user served. Summarised below is a description of the main collection methods operated by Valore Ambiente within the Municipality of Vicenza:

- Mechanically door-to-door collection, from the nucleus of the quarters to the municipal boundaries, for a total of 19,500 users involved, with collection through microchip driven cartridges and predisposed for the introduction of a timely charging. In these areas there are also “door to door” services, bag, paper and glass services for over 15,560 users;

- Collection with proximity system in urban areas with high-density city planning configuration, but also for localized situations (*e.g.* large condominiums with over 15 residential units) consisting of multi-purpose containers with access control technologies through controlled opening caps through badge or other personal identification key with 34,310 utilities served;

- Manual door collection, or small containers, in the monumental area of the old town of Vicenza.

- *Urban hygiene services*

Valore Ambiente provides also urban hygiene services such as pressure and water street washing, leaf harvesting, road dredging, mechanical and manual sweeping and drainage of baskets, parks cleanings.

Valore Città AMCPS S.r.l.

Valore Città AMCPS S.r.l. ("**Valore Città**") is a limited liability company (*società a responsabilità limitata*) established in 2010 which carries out the following activities:

- road maintenance (including horizontal and vertical signage and traffic light systems maintenance) and green areas maintenance, in accordance with the terms and conditions se out under the concession granted to AIM Vicenza by the Municipality Council of Vicenza resolutions No. 59/1995 and 86/1999, which will expire in 2025;

- cemetery services management (including cremation plant management), in accordance with the terms and conditions under the concession granted to AIM Vicenza by the Municipality Council of Vicenza resolution No. 57/2016, which will expire in 2021;

- public housing management and collection of the relevant rental fees and maintenance of the public facilities of the Municipality of Vicenza, in compliance with the terms and conditions set out under concession granted to AIM Vicenza by the Municipality Council of Vicenza resolutions No. 58/1998 and No. 86/1999, expiring in 2025.

Valore Città is currently wholly owned by AIM Vicenza.

The chart below provides for a breakdown of the main data and information related to the business carried out by Valore Città in 2016.

SIT – Società Igiene Territorio S.p.A.

SIT – Società Igiene Territorio S.p.A. ("**SIT**") is a joint stock company limited by shares (*società per azioni*) which provides environmental operational and waste treatment services (including, *inter alia*, waste collection, street sweeping and cleaning, recycling and disposal) to both public and private customers, providing its services and activities both in the provincial, extra provincial and extra-regional areas, in compliance with the terms and conditions set out under certain concessions / service agreements expiring between 2018 and 2039.

SIT is currently 75 per cent. owned by AIM Vicenza. Furthermore, SIT currently holds the following equity interests in companies operating in the same sector: (i) a 49 per cent. equity interest in Legnago Servizi S.p.A., (ii) a 48 per cent. equity interest in Acovis S.r.l.; (iii) a 20 per cent. equity interest in Futura S.p.A.; (iv) a 54 per cent. equity interest in Blueoil S.r.l.; and (v) a 100 per cent. equity interest in TRE V Ambiente S.r.l.

SIT is in possession of the SOA (Società Organismi di Attestazione) certification, namely the certification required to participate to tenders for the execution of public works in Italy. Such certification covers the following categories and classification levels:

- OG9 – Electricity generation equipment, category 4, for works up to Euro 2,582,000: construction, maintenance or repair of the timely interventions necessary for the production of electric power, complete of any connected, complementary or ancillary works, punctual or networked, as well as of all the electromechanical, electrical, telephone and electronic installations needed in terms of operation, Information, security and assistance;

- OG12 – Environmental Remediation and Environmental Protection Works and Works, class 6, for work up to Euro 10,329,000: exemplary landfills, soil geo-membrane waterproofing for groundwater protection, hazardous waste reclamation, surveying and remote sensing installations for environmental monitoring for any change in the balance established by current legislation;

- OS1 – Land, class 5, works for works up to Euro 5,164,000: excavation, restoration and modification of ground volumes, made by any means and whatever the nature of the soil to be dug or repaired: vegetal, clay, sand, gravel, rock;

- OS14 – Waste disposal and recovery facilities, class 8, for unlimited workloads: ordinary and extraordinary construction and maintenance of waste thermo-destruction systems and related systems for the treatment of fumes and recovery of materials, including machinery for pre-selection, composting and production of refuse derived fuel;

- Qualification for design performance up to CLASS V for amounts of Euro 5,164,000.

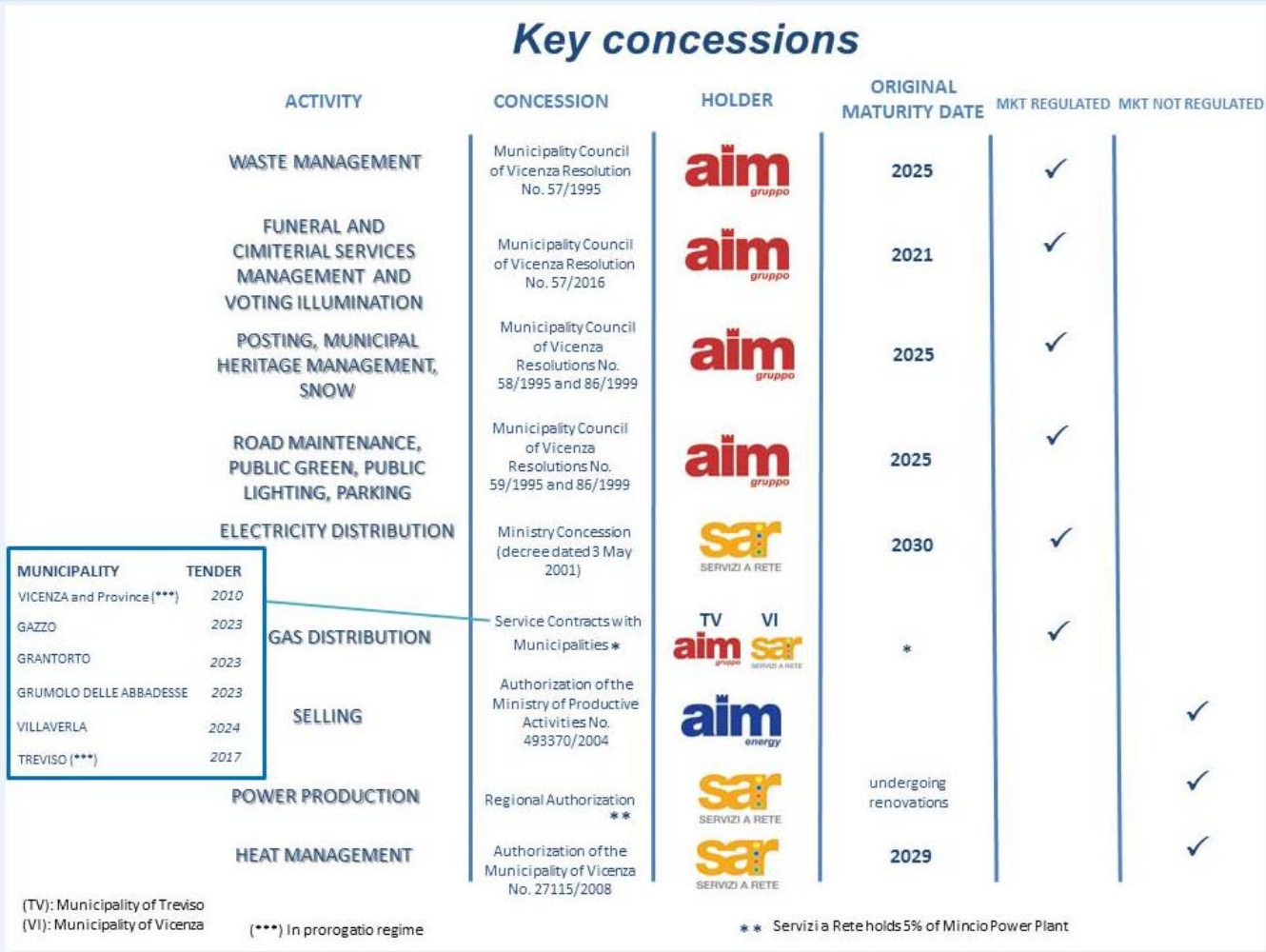
OTHER EQUITY INTERESTS

In addition to the above, the Issuer holds the following equity interests:

- a 50 per cent. equity interest in Centro Idrico Novoledo S.r.l., operating a clinical laboratory which carries out daily analysis and tests on the aqueduct located in the Municipality of Vicenza and managed by Acque Vicentine S.p.A.;
- a 26 per cent. equity interest in Acovis S.r.l., operating in the environmental sector;
- a 25 per cent. equity interest in S.I.V.E. S.r.l., operating in the environmental sector.

KEY CONCESSIONS

The table below provides a breakdown of the Group key concessions, through which it carries out its Regulated Activities[1].



FINANCIAL HIGHLIGHTS AND REVENUES

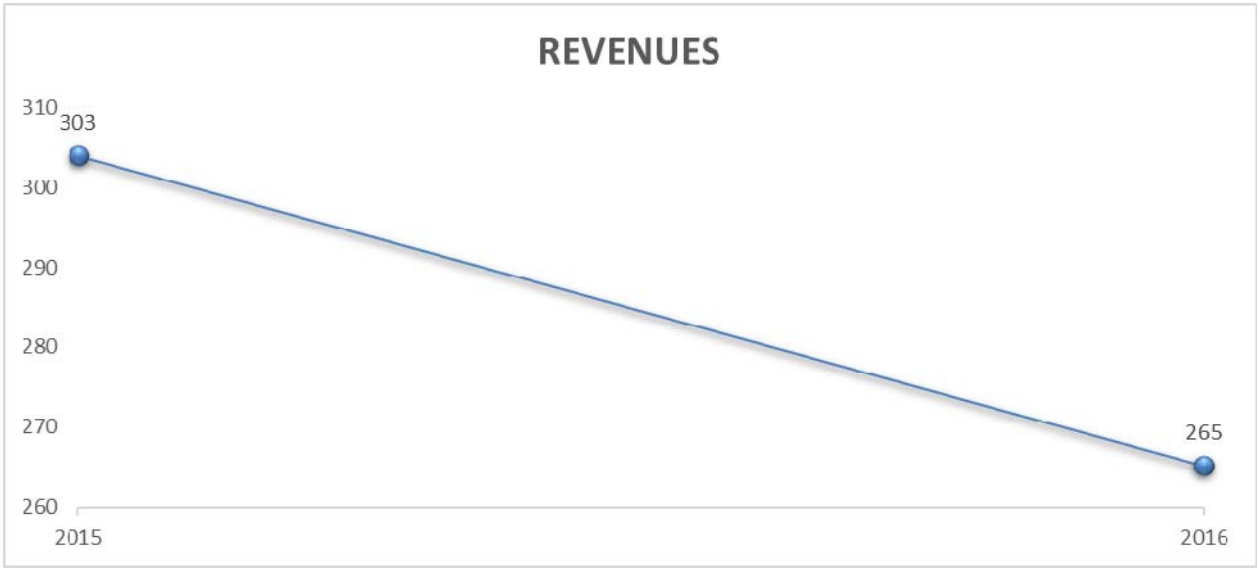
FINANCIAL HIGHLIGHTS AND REVENUES OF THE GROUP

The Group generated revenues of Euro 265 million in 2016, compared to Euro 303 million in 2015, recording a decrease of 12.5 per cent. Such decrease was mainly due to (i) the transfer by AIM Mobilità S.r.l. of its local

[1] All the regulated services managed under "licensed concessionary regimes" are carried out pursuant to a concession granted by means of direct awarding (*i.e.* without a prior public awarding procedure), whilst gas distribution in the Municipality of Treviso, Gazzo, Grantorto, Grumolo delle Abbadesse and Villaverla are carried out pursuant to a concession granted by means of a public awarding procedure.

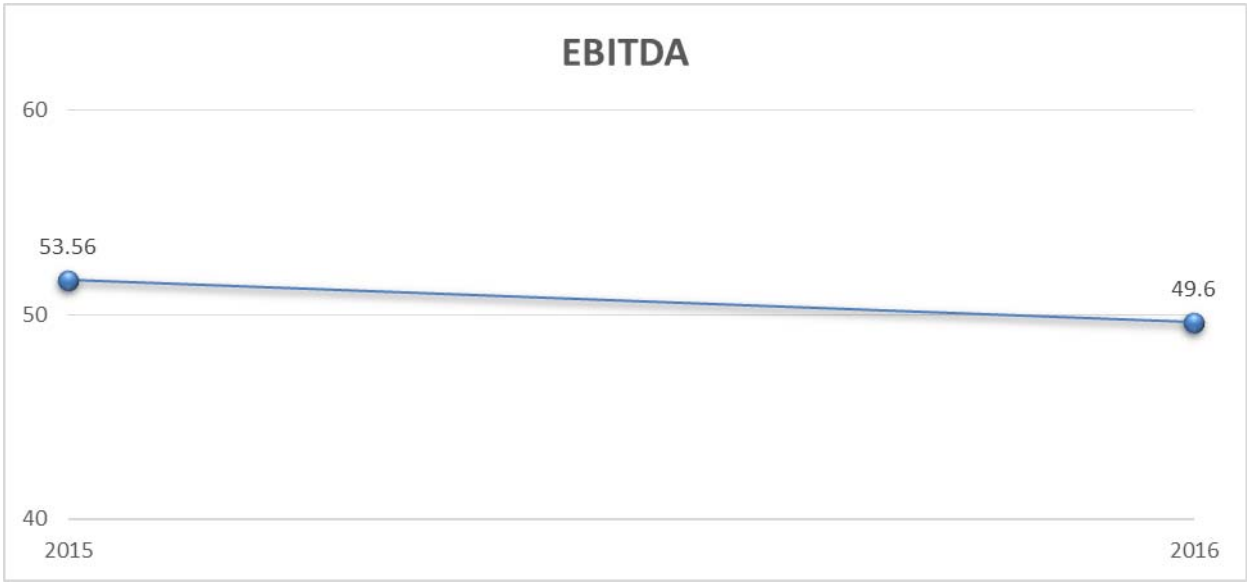
public transportation branch to the new-co SVT S.r.l. (-13 million Euro) and (ii) the reduction of the revenues arising from the gas and electricity sales (-28 million Euro) in light of a decrease of the electricity volumes sold and a reduction of the tariffs applied in relation to both gas and electricity, which in turn has resulted also in a consequent reduction of the costs for purchasing raw materials.

The following table shows the Group's revenues for the years ended 31 December 2015 and 2016.



In 2016 consolidated EBITDA amounted to Euro 49.60 million as compared to Euro 53.56 million for the previous year, showing a 7.4 per cent. decrease.

The following table shows the Group's EBITDA for the year ended 31 December 2016.



FINANCIAL HIGHLIGHTS AND REVENUES OF THE GROUP'S OPERATING COMPANIES

AIM Vicenza

AIM Vicenza generated revenues of Euro 62.7 million in 2016, compared to Euro 64.4 million in 2015, recording a decrease of 2.75 per cent. In 2016 EBITDA amounted to Euro 14.7 million as compared to Euro 14.8 million for the previous year, showing a 0.3 per cent decrease.

AIM Energy

AIM Energy generated revenues of Euro 149.6 million in 2016, compared to Euro 179 million in 2015, recording a decrease of 16.46 per cent. In 2016 EBITDA amounted to Euro 10.9 million as compared to Euro 9.5 million for the previous year, showing a 14.33 per cent increase.

Cogaspiù Energie S.r.l.

Cogaspiù Energie S.r.l. generated revenues of Euro 13.6 million in 2016, compared to Euro 9.4 million in 2015, recording an increase of 44.7 per cent. In 2016 EBITDA amounted to Euro 1 million as compared to Euro 0.3 million for the previous year, showing a 211 per cent increase.

Servizi a Rete

Servizi a Rete generated revenues of Euro 57.5 million in 2016, compared to Euro 57.6 million in 2015 recording a decrease of 0.2 per cent. In 2016 EBITDA amounted to Euro 15 million as compared to Euro 18 million for the previous year, showing a 16.3 per cent decrease.

AIM Mobilità

AIM Mobilità generated revenues of Euro 7.4 million in 2016, compared to Euro 21.9 million in 2015, recording a decrease of 66.4 per cent. In 2016 EBITDA amounted to Euro 0.5 million as compared to Euro 1.5 million for the previous year, showing a 65.5 per cent decrease.

Valore Ambiente

Valore Ambiente generated revenues of Euro 20.8 million in 2016, compared to Euro 20.3 million in 2015, recording an increase of 2.3 per cent. In 2016 EBITDA amounted to Euro 4.6 million as compared to Euro 4.5 million for the previous year, showing a 2.7 per cent increase.

SIA

SIA generated revenues of Euro 3.9 million in 2016, compared to Euro 4.7 million in 2015, recording a decrease of 16.6 per cent. In 2016 EBITDA amounted to Euro 1.4 million as compared to Euro 2.3 million for the previous year, showing a 37.1 per cent decrease.

Valore Città

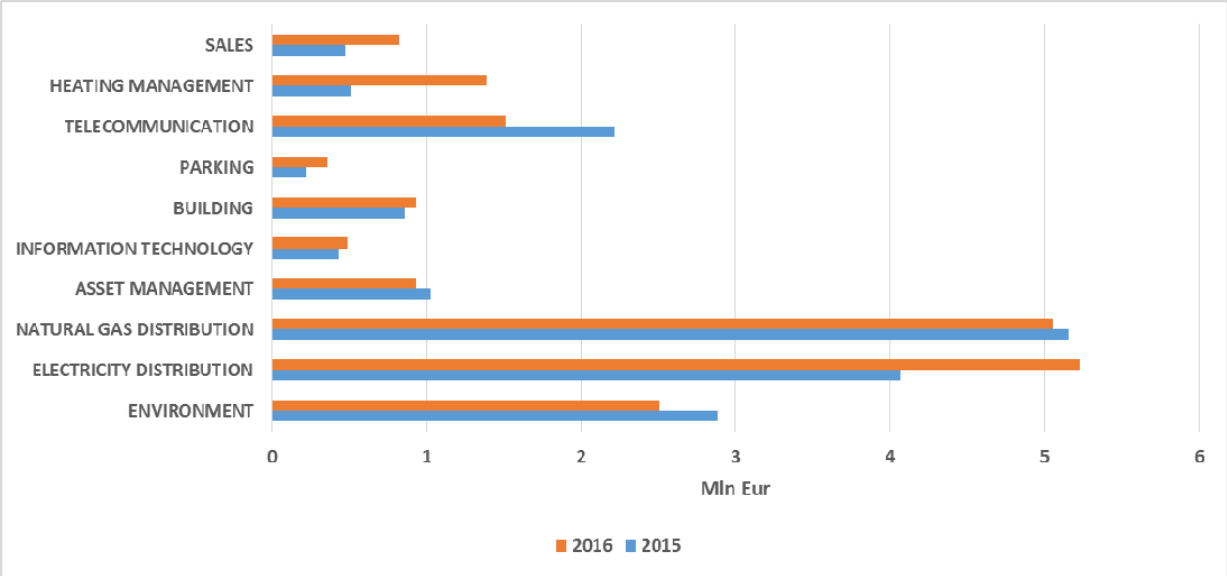
Valore Città generated revenues of Euro 16.7 million in 2016, compared to Euro 16.6 million in 2015, recording an increase of 0.7 per cent. In 2016 EBITDA amounted to Euro 1.4 million as compared to Euro 1.6 million for the previous year, showing a 14.3 per cent decrease.

SIT

SIT generated consolidated revenues of Euro 12 million in 2016, compared to Euro 13.8 million in 2015, recording a decrease of 13.4 per cent. In 2016 EBITDA amounted to Euro -0.4 million as compared to Euro 0.6 million for the previous year, showing a 167.8 per cent decrease.

INVESTMENTS

The following table shows the Group's investments for the years ended 31 December 2015 and 2016.



Among the Group's investments for the years ended 31 December 2016 are (i) the investments made by AIM Energy to develop management in issuing bills, information technology and software and (ii) the investments made by AIM Mobilità in the parking service business to develop software and maintenance vehicles.

Summarised below is a brief description of certain investments expected to be made by the Group in the forthcoming years according to the Business Plan.

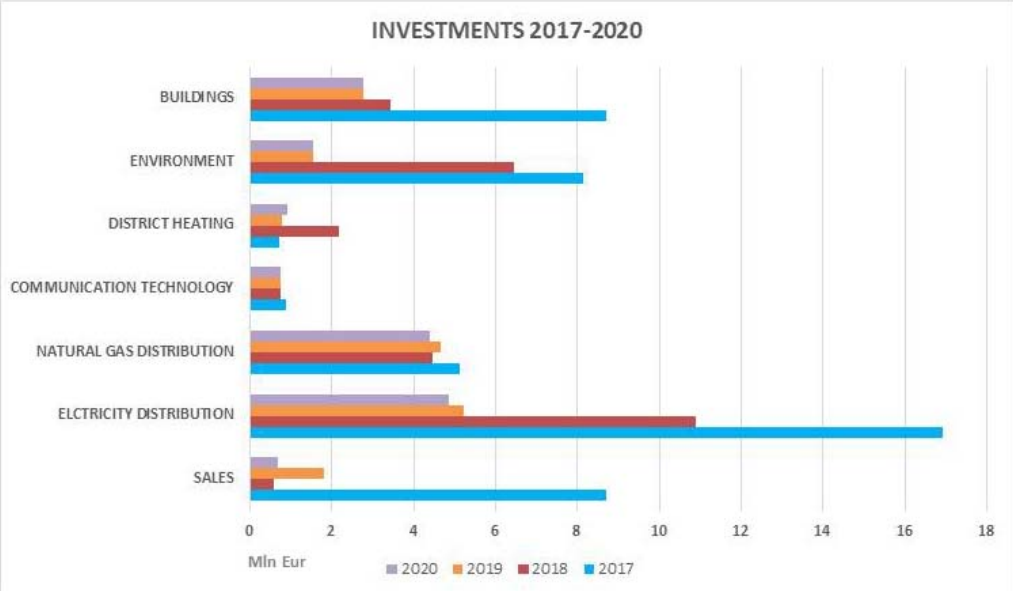
Servizi a Rete:

- Electricity distribution: investment of approximately Euro 9 million on the construction of 2 new high voltage power stations at 132,000 Volt;
- Public lighting: investment of approximately Euro 6 million on the replacement of the lamps with high energy saving LED lamps;
- Gas unit: investment of approximately Euro 4 million on infrastructures, connections and gas meter and systems.

Valore Città: investment on a significant renewal of the fleet of vehicles and equipment and an increase in the automation degree of services rendered.

Further investments are expected to be made by the Group in accordance with the Business Plan in the following sectors: electricity sources (including, in particular, renewable sources), environment and management of the gas networks.

The table below provides a breakdown of the investments expected to be made by the Group for the period 2017-2020.



FINANCIAL AGREEMENTS

Summarised below are the main terms of the main financial agreements entered into by AIM Vicenza.

Credit facility granted by Banca Europea per gli Investimenti

On 8 July 2014 AIM Vicenza and Banca Europea per gli Investimenti ("**EIB**") entered into two credit facility agreements pursuant to which EIB has made available to AIM Vicenza Euro 45,000,000 in aggregate for the financing of the Issuer investment programme aimed at expanding and modernizing the electricity, gas and district heating networks as well as the solid waste treatment services in the Municipality of Vicenza and development of workplaces.

Signing Date	8 July 2014
Termination Date	31 March 2030
Original Facility Amount	Euro 30,000,000.00
Outstanding Amount	Euro 30,000,000
Securities and guarantees	Personal guarantee granted by a bank / financial institution
Interest rate	0.866% *per annum*
Amortizing plan	To be repaid by means of instalments (3 years pre-amortization and 12 years amortizing)

Signing Date	8 July 2014
Termination Date	30 December 2025
Original Facility Amount	Euro 15,000,000.00
Outstanding Amount	Euro 13,500,000
Securities and guarantees	Personal guarantee granted by a bank / financial institution
Interest rate	0.749% *per annum*
Amortizing plan	To be repaid by means of instalments (10 years amortizing)

SUSTAINABILITY

On 1st July 2014, AIM Vicenza approved the accession to Global Compact. Since 2013, the Issuer has begun the environmental and social reporting process publishing every year a sustainability report, prepared in accordance with national and international standards such as GBS (*Gruppo di Studio per il Bilancio Sociale*) Standards and Global Reporting Initiative (GRI) Standards. The sustainability report is an important tool for transparency and communication between AIM Vicenza and its stakeholders and local communities which outlines the values and principles that guide the Group and its economic, environmental and social policies. In particular, the Group promotes the following fundamental principles:

Human rights;

Labour rights;

Environment;

Anti-corruption.

While carrying out its business, AIM Vicenza follows the principles described below:

(i) central role of the individual, equality and impartial treatment of the client in the access and provision of public services, respect for the client's physical and cultural integrity as well as for the interrelationship values;

(ii) protection of the environment and the human health;

(iii) effectiveness, efficiency, regularity and continuity in the performance and provision of the services;

(iv) fairness and transparency in the management systems;

(v) continuous efforts in research and development aimed at furthering the highest degree of innovation;

(vi) attention to the needs and legitimate expectations of both internal and external audiences;

(vii) client's participation and stakeholders' cooperation;

(viii) reliability of the systems as well as of the management procedures for the security of the employees, the community and the environment;

(ix) interactions with the community and its representative constituents aimed at improving the quality of life; and

(x) promotion and enhancement of human resources human resource.

LEGAL PROCEEDINGS

As part of the ordinary course of business, companies within the Group are subject to a number of civil, administrative and tax proceedings arising from the conduct of its corporate activities including, without limitation, employee disputes and may from time to time be subject to inspections by taxation and other authorities. AIM Vicenza has carried out a review of the ongoing litigations and, where the disputes were likely to result in a negative outcome and where a reasonable estimate of the amount involved could be made, specific provisions were included in the consolidated financial statements. Notwithstanding the foregoing, AIM Vicenza believes that none of these proceedings, individually or in the aggregate, will have a material adverse effect on its or the Group's business, financial condition or prospects. For further information on the provisions made in the consolidated financial statements, see also paragraph headed "*Provisions for liabilities and charges*" of the notes to the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2016 prepared in accordance with Italian GAAP, which are incorporated by reference into this Prospectus.

EMPLOYEES

As at 31 December 2016 the Group had 654 employees, while as at 31 December 2015 the Group had 915 employees. Such decrease is mainly attributable to the transfer by AIM Mobilità of its public transportation branch to SVT S.r.l.

INSURANCE

The Group entered into various insurance policies on and in relation to its business and assets with primary standing insurance companies, which provide for terms and conditions in compliance with the best standard market practice and cover against risks usually insured against by prudent companies carrying on a business similar to the Group and, in any case, against those risks required by applicable law or by contract.

RECENT DEVELOPMENTS

Integration with the multi-utility AGSM Verona S.p.A.

On 15 September 2016 the Municipality Council of Vicenza issued instructions to pursue, by January 2017, a path leading to merger with other local public service companies operating within the province and in neighbouring provinces. Furthermore, the Municipality Council provided that the following principles should be followed, regardless of the path chosen for business integration:

1. maintenance of employment levels;
2. improvement of the efficiency in the management through economies of scale, in order to pursue tariffs and service improvements for users and benefits for inhabitants;
3. opening to the market, with the Municipality retaining a strategic role through its equity interests;
4. capacity to function as an aggregation centre for other neighbouring entities, capable of further reinforcing the specific characteristics of the territory; and
5. maintenance of the quality and efficiency of the currently provided services.

In compliance with such guidelines, AIM Vicenza has started a process to examine and study a possible integration with the multi-utility AGSM Verona S.p.A. ("**AGSM Verona**").

A memorandum of understanding has been entered into by AIM Vicenza and AGSM Verona on 30 December 2016, which provides the core principles on which the business integration process should be based, aiming at the creation of a leading firm at the national level, capable of seizing the growth opportunities deriving from the regulatory and market context and representing a possible centre of attraction for other neighbouring entities.

Such memorandum of understanding defined the targets and key points of the integration between the two multi-utility groups. The parties have defined a final draft of the "Protocol for Merger" and the by-Laws that

incorporate the guidelines issued by the Municipality Council of Vicenza and represent a balanced equity investment of the two groups in the combined entity.

The dossier containing the relevant documentation has been submitted to the Municipality Council of Vicenza on 9 June 2017, which accepted its contents. It is expected that the Municipality Council of Vicenza and Verona will give their opinions on the merger and integration process by 30 September 2017. If both Municipality Councils give a favourable opinion, the two multi-utility groups may implement the consequent technical steps of the integration.

Dividend distribution

As at 31 December 2016, the profits (*utili*) resulting from the financial statements of AIM Vicenza as at 31 December 2016 amounted to Euro 9,067,678.

CORPORATE GOVERNANCE

Corporate governance rules for Italian non-listed companies, such as AIM Vicenza, are provided in the Italian Civil Code and, where applicable, in Legislative Decree No. 58, of 24 February 1998, as amended, and the relevant implementing regulations.

AIM Vicenza has adopted a traditional system of corporate governance, which includes a shareholders' meeting, a board of directors / sole director and a board of statutory auditors.

Pursuant to its by-laws, the management of AIM Vicenza is entrusted either to a collective body made up of not less than 3 and not more than 5 members (collectively the "**Board of Directors**", each a "**Director**") or to a sole director (the "**Sole Director**"), in each case appointed by the shareholders' meeting.

Directors are appointed by the shareholders for a term determined at the relevant shareholders' meeting, provided that such term cannot exceed three financial years. Directors can be reappointed following the expiry of their term.

The Board of Directors / Sole Director has broad powers to carry out the ordinary and extraordinary management of AIM Vicenza. It is authorised to carry out all the acts it deems necessary to achieve AIM Vicenza's corporate purpose, with the sole exception of those powers expressly reserved to the shareholders' meeting under applicable law or the Issuer's By-laws

Pursuant to AIM Vicenza's by-laws, the board of statutory auditors is composed of 3 auditors and 2 alternate auditors, each of which must meet the requirements provided for by applicable law and the Issuer's by-laws (collectively the "**Board of Statutory Auditors**"). The alternate auditors will replace any statutory auditor who resigns, or is otherwise unable to continue to serve as an auditor. The members of the Board of Statutory Auditors are appointed by the shareholders' meeting.

The members of the Board of Statutory Auditors are appointed for three financial years and may be re-elected. They may be removed only upon the occurrence of a just cause (*giusta causa* pursuant to Italian law) and with the approval of an Italian Court.

The Board of Statutory Auditors is the corporate body that, *inter alia*, must oversee AIM Vicenza's compliance with applicable laws and by-laws as well as proper administration and verify the adequacy of organisation, administration and accounting reporting systems.

Management

Sole Director

The shareholders' meeting held on 26 July 2017 appointed AIM Vicenza's Sole Director for a period of three years. Unless there is a cause for early termination, the Sole Director will hold office until the shareholders' meeting convened to approve AIM Vicenza's financial statements for the financial year ending 31 December 2019.

The current Sole Director of AIM Vicenza is Mr. Umberto Lago.

For the purposes of its function as Sole Director, the business address of the Sole Director is AIM Vicenza's registered office at Contrà Pedemuro San Biagio 72, 36100 – Vicenza, Italy.

Other offices held by the Sole Director

The table below sets forth the offices on the boards of directors, boards of statutory auditors, supervisory committees or other positions other than those within the Group held by the Sole Director.

Name	**Main positions held outside the Group**
Umberto Lago	Member of the Supervisory Board of AC Milan S.p.A., Milan Entertainment S.r.l. and Milan Real Estate S.p.A.
	Statutory Auditor of FIAM Utensili Pneumatici S.p.A.
	Judicial Liquidator of Centro Intermodale Adriatico S.r.l., Interporto of Venice, Sonora S.r.l., Veimca S.r.l., Arengo S.r.l., AIWA Italia S.r.l. and Emas S.r.l.
	Social Liquidator of College Valmarana Morosini in liquidazione

Senior Management

The following table sets forth the members of AIM Vicenza's senior management, together with their current positions.

Name	**Position**
Dario Vianello	General Manager
Andrea Pellattiero	Administration and Finance Manager
Stefano Cominato	Director of the Information and Communications Technology area
Renato Guarnieri	Director of the Gas Unit
Roberto Bottin	Director of the Electricity Unit
Fabio Candeloro……..	Director of Commercial Area
Andrea Negrin…….	Director of Facility Sector

Committes

As at the date of this Prospectus the following committees have been created within the Group:

- The Directors Committee, having the task of preparing the business plan and the planning documents and carrying out the analysis concerning any deviation from the budget and identifying the relevant corrective actions. As at the date of this Prospectus, the Directors Committee is composed of seven members: Mr Umberto Lago (sole director of AIM Vicenza), Mr Gildo Salton (sole director of Servizi a Rete S.r.l.), Mr Piergiorgio Balbo (sole director of Valore Ambiente S.r.l.), Mr Piercarlo Pucci (sole

director of AIM Mobilità S.r.l.), Mr Otello Dalla Rosa (sole director of AIM Energy S.r.l.), Mr Stefano Cominato (sole director of Valore Città AMCPS S.r.l.) and Mr Dario Vianello (General Manager of AIM Vicenza).

- The Management Committee, meeting on a monthly basis and examining issues of operational interest. As at the date of this Prospectus, the Management Committee is composed of Mr Dario Vianello (General Manager of AIM Vicenza) and the other managers of the units and divisions of the Group.

Supervisory Board

In order to implement the provisions of Legislative Decree No. 231 of 8 June 2001, AIM Vicenza has established a Supervisory Board, which is currently chaired by Mr Marino Quaresimin and composed of Mr Dario Vianello and Mrs Barbara Biondani.

Board of Statutory Auditors

The shareholders' meeting held on 19 July 2017 appointed AIM Vicenza's Board of Statutory Auditors for a period of three financial years, until the shareholders' meeting convened to approve AIM Vicenza's financial statements for the financial year ending 31 December 2019.

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Ezio Framarin	Chairman
Arcangelo Boldrin	Member
Giuliana Liotard	Member
Paolo Pomi	Alternate Auditor
Anna Bonfiglio	Alternate Auditor

For the purposes of their function as members of the Board of Statutory Auditors, the business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office at Contrà Pedemuro San Biagio 72, 36100 – Vicenza, Italy.

Conflicts of Interest

There are no potential or existing conflicts of interest between the duties of the Sole Director and the members of the Board of Statutory Auditors to the Issuer and their private interests or other duties.

Code of Ethics and Model pursuant to Legislative Decree No. 231/2001

AIM Vicenza has also adopted a code of ethics (the "**Code of Ethics**"), which was first approved by the then Board of Directors on 11 May 2011 and subsequently updated.

In addition, AIM Vicenza has also adopted an Organisation Management and Supervision Model (the "**Model**") to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, according to Decree 231, which was approved by the then Board of Directors on 11 May 2011 and subsequently updated by the Sole Director on 21 April 2015. The Model provides guidelines to prevent management and employees committing offences which may make the company liable pursuant to the above-mentioned legislative decree.

Shareholders

The following table shows the main shareholders of AIM Vicenza, based on AIM Vicenza's shareholders register and publicly available information.

Shareholders	Ownership Interest
Municipality of Vicenza	100.00%
Total	**100.00%**

Independent Auditors

Current Independent auditors

The independent auditors ascertain whether the accounting records are properly maintained and record faithfully the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the board of directors may ask them to perform, provided they are not incompatible with their audit assignment.

The Issuer's current independent auditors are BDO Italia S.p.A. with registered office at Viale Abruzzi 94 – 20131 Milano, Italy (the "**Independent Auditors**").

BDO Italia S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered under No. 167911 in the special register of auditing firms held by MEF in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39, as amended and is also a member of ASSIREVI (*Associazione Italiana Revisori Contabili*), the Italian association of auditing firms. The Independent Auditors have no material interest in the Issuer. The Independent Auditors' current appointment was conferred for the period 2013-2015 by the Shareholders' meeting held on 19 December 2013 but has been extended by the Shareholders' meeting held on 28 June 2016. Furthermore, pursuant to article 17, paragraph 1, of the Legislative Decree No. 39/2010 and having considered Communication No. 0098233 issued by Consob on 23 December 2014, the Shareholders' meeting held on 4 August 2017 conferred a new appointment to the Indipendent Auditors which will become effective upon issue and listing of the Notes and will expire at the date of the Shareholders' meeting convened to approve AIM Vicenza's financial statements as at and for the financial year ending 2025.

REGULATION

EU and Italian laws comprise significant regulation in relation to the AIM's core energy (distribution of electricity and gas), production of solar energy, water (integrated water service), environmental services (waste collection and disposal), heating service and public transportation businesses. The main legislative and regulatory measures applicable to AIM are summarised below. Although this summary contains all the information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulation. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to AIM and of the impact it may have on an investment in the Notes and should not rely on this summary only.

OVERVIEW

EU Energy Regulation: the Third Energy Package

The European Union is active in energy regulation by means of its legislative powers, as well as investigations and other actions by the European Commission. A significant portion of Member States' domestic regulation in the electricity and gas sector is imprinted by the EU Legislation. Notably, in 2009 the European institutions adopted the so-called **Third Energy Package** which includes several directives and regulations aimed at completing the liberalisation of both electricity and gas markets. In particular, the Third Energy Package contemplates the separation of supply and production activities from transmission network operations. To achieve this goal, Member States may opt between the following three unbundling options:

- *Full ownership unbundling* (**TSO**). This option entails vertically integrated undertakings selling their gas and electricity transmission grids to an independent operator, which will carry out all network operations.
- *Independent System Operator* (**ISO**). Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity transmission grids, but they are obliged to designate an independent operator for the management of all network operations.
- *Independent Transmission Operator* (**ITO**). This option is a variant of the ISO option albeit vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission.

Moreover, the EU Regulation, by means of the Climate Change Package 20-20-20, provides for an energy policy aiming at pushing the Member States to increase the use of renewable sources.

Italian Energy Regulation and the Italian Energy strategy

In Italy, the principles provided under the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been recently implemented by means of Legislative Decree No. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 (**Legislative Decree 93/2011**), opting for the unbundling of the Transmission System Operator (TSO).

The main provisions of Legislative Decree 93/2011 include:

(i) unbundling of the ISO, in order to prevent possible market abuses. In the electricity sector, the unbundling between grid ownership and production activity has been confirmed and the ISO is expressly prohibited from operating electricity production plants. For the gas sector, an ITO model has been adopted which, though maintaining a vertically integrated ownership structure, provides for more stringent functional separation rules and wider control and approval powers assigned to the AEEGSI;

(ii) more efficient integration of renewable energy sources production into the electrical system; and

(iii) confirmation of the exemption from the third party access obligation ("**TPA**") in respect of new interconnection infrastructure.

With reference to the electricity sector, the duration of the exemption from the TPA obligation will be set on a case-by-case basis and the exemption will elapse if the relevant works are not started or the relevant infrastructure has not entered into operation within the time limits set out in the relevant exemption measure.

With reference to the gas sector, in addition to the time limit set out in the relevant exemption measure, the new rules provide for a 25 years cap for the duration of the exemption and for the activation of an open season procedure in order to assess the interest of third parties in the relevant infrastructure notwithstanding the TPA exemption.The Ministry for Economic Development (*Ministero dello Sviluppo Economico* – **MED**) and the national Regulatory Authority for Electric Energy Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico* – **AEEGSI**) share the responsibility for the overall supervision and regulation of the Italian electricity sector. In particular, the MED establishes the strategic guidelines and principles for the electricity and gas sector, while the AEEGSI, regulates tariffs and technical matters.

In addition to regulation by the AEEGSI, the Antitrust Authority also plays an active role in the energy market in ensuring competition between suppliers and protecting the rights of clients to choose their suppliers.

More than 20 years on since the adoption of the last National Energy Plan, and following wide public debate which began in October 2012, the New National Energy Strategy ("*Nuova Strategia Energetica Nazionale*") was approved in March 2013, aiming at:

(a) significantly reducing the energy cost gap for consumers and businesses by bringing prices and costs in line with European levels;

(b) achieving and exceeding the 20-20-20 targets established by the Climate Change Package;

(c) improving security of supply, especially in the gas sector, and reducing dependency on imports as far as possible; and

(d) fostering sustainable economic growth by developing the energy sector.

ELECTRICITY REGULATION IN ITALY

At a national level, electricity regulation is very fragmentary. The liberalisation of the electricity sector, in Italy, started in 1999, with Legislative Decree No. 79/1999 (the so-called **Bersani Decree**), implementing the EU Directive 1996/92/EC on the internal electricity market. The Bersani Decree started the transformation process of the electricity sector from a highly monopolistic industry to one in which energy prices charged by producers are determined by competitive bidding and provided for a gradual liberalisation of the electricity market so that all customers meeting certain consumption thresholds (the "**Eligible Customers**") are now able to contract freely with producers, wholesalers or distributors to purchase electricity. Therefore, the Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduced competition with respect to electricity production and sales to Eligible Customers, while maintaining a monopolized structure with respect to electricity transmission and distribution to non-Eligible Customers.

The regulatory framework for the Italian electricity sector based on the Bersani Decree has been further amended in the past decade by, *inter alia*, Law No. 239 of 23 August 2004 (known as the **Marzano Law**) and several other provisions implementing European directives on the energy sector, including, in particular, Directive 2003/54/EC and Directive 2001/77/EC, with a view to improving liberalisation and competition. The discipline of separation has been implemented by AEEGSI with Resolution No. 11/07 concerning the unbundling integrated text.

In the same direction, the regulatory framework on electricity sector has been updated by Law Decree No. 91/2014 transposed into Law No. 116/2014 (the so called **Competitiveness Decree**). In particular, the Competitiveness Decree has endorsed measures aiming at reducing energy costs for small and medium-size Italian companies as well as it has redefined incentives for renewable sources, based on a combination of the residual term for the incentive and its extent in time.

Recently, Legislative Decree No. 102/2014, implementing the EU Directive 2012/27/UE, has provided measures to improve energy efficiency and to achieve the primary energy saving national target for the period 2014-2020, by means of three main tools, which are the Energy Efficiency Certificate system, tax deductions and the Energy Efficiency Support Scheme (*Conto Termico*).

Capacity mechanism

In accordance with Legislative Decree No. 379 of 19 December 2003 the availability of electricity capacity must be regulated by a compensation mechanism aimed at assuring adequacy of the system to cover the demand with the necessary reserve margins. This capacity payment shall ensure transparency and shall not cause distortion in the market, while reducing the total costs for consumers. As a consequence of a complex process involving Terna, AEEGSI and the MED, on 30 June 2014 the MED approved the ministerial decree that establishes the discipline for the provisional system of payments to remunerate producers that make generation capacity available to the electricity system at times of peak demand, known as capacity payments (**Capacity Payments**). Such decree is consistent with the package of measures aimed at reducing energy bills in favour of small and medium companies. The measure - which is expected to take effect as of 2018/2019 - aims at increasing the competitiveness of the market, at ensuring the safety of the electrical system at minimal cost, and at integrating renewable sources. The decree also provides that the new mechanism is essential to ensure a reduction of costs of the system charged on consumers.

Production

Article 8 of the Bersani Decree liberalised the regime for electricity production. In order to increase the level of competition in the market, the Bersani Decree provided that, as of 1 January 2003, no single electricity production company shall be allowed to produce or import, directly or indirectly, more than 50 per cent. of the total electricity produced and imported into Italy. Any operator which exceeds such threshold will incur severe fines imposed by the AGCM pursuant to article 15 of Decree Law No. 287 of 10 October 1990. In relation to the energy produced by renewable sources please refer to note no. 1 above.

Authorization procedure for plants powered by renewable sources

Pursuant to Legislative Decree no. 387/2003 (the "**LD 387/2003**"), photovoltaic, hydroelectric and other plants fuelled by renewable sources are authorized through the so called "*autorizzazione unica*" ("**AU**") granted by the Regions (or, as the case may be, by the relevant Province as entrusted by the relevant Region). The AU is issued following the convening of a local authorities meeting (the so called "*Conferenza dei Servizi*"), in order for all the competent authorities to examine contextually the various public interests involved in the relevant proceeding. The AU substitutes all the authorizations, permits and way of leave required to construct, alter, increase the capacity of, totally or partially renovate and/or re-commission plants powered by renewable sources, as well as all relating works and the infrastructures indispensable for constructing and running such plants (including the relevant interconnection facilities). Once the AU is achieved, no further approval is needed (provided that however the AU holder fully complies in all respects with all the prescriptions and requirements set forth in such AU and in the permits and authorizations issued in the context of the *Conferenza dei Servizi*).

Furthermore, article 12 of LD 387/2003 provides that (i) solar plants on ground with a capacity not exceeding 20 kW and (ii) wind farm with a capacity not exceeding 60 kW, could be authorized by means of a simplified authorization procedure, namely the "denuncia di inizio attività" ("**DIA**"), instead of the more complex AU procedure. It is worth highlighting that according to D.P.R. no. 380/2001 the DIA is a self-certification process whereby the applicant declares that the project in question complies with all relevant requirements and conditions. The competent authority can raise objections against the DIA within 30 days of receipt of the same DIA; should the objection not be raised within the 30-day term - which is mandatory - the authorization shall be deemed granted and the applicant is allowed to start the works (provided that all the authorizations, nihil obstat required in respect to the plant have been attained, *e.g.* landscape authorization). Both in the case of the AU and DIA procedures, continuing validity of the authorizations is subject to compliance with the prescriptions and requirements imposed therein and/or contained in permits/way of leaves issued by the various competent authorities involved in the authorization procedure (*e.g.* landscape authorizations, hydrogeological way of leave and so on).

Promotion of renewable energy

With particular reference to the promotion of electricity generated by renewable sources, in Italy the first incentive mechanism promoting electricity production through non-conventional sources was introduced, in 1992, by means of the so called **CIP-6 Regulation**, issued by the Interministerial Price Committee, an Italian governmental committee. The Bersani Decree introduced the incentive regime based on the so-called- green

certificate mechanism, applying to all renewable plants, except solar plants (for which specific incentive regime is provided, see below).

Pursuant to the provisions of Legislative Decree No. 28/2011 (the **Renewable Decree**), implementing EU Directive 2009/28/EC[2], the incentive regime based on Green Certificates is being phased out in favour of an incentive scheme based on feed-in tariffs /premiums and competitive processes for the awarding of incentives to renewable energy plants.

Photovoltaic solar plants benefit from an incentive regime different from the one applicable to plants fuelled by other renewable energy sources. In particular, this incentive regime is based on a feed-in premium tariff paid on top of the price of the electricity generated by photovoltaic solar plants (the so called **Conto Energia**). The Conto Energia has been regulated in the past years by several ministerial decrees. The Fifth Conto Energia issued on 5 July 2012 has ceased to be applicable since 6 July 2013, as a consequence of the reaching of the cumulative annual approximate cost of the incentives of 6.7 billion Euro, communicated by the AEEGSI with Resolution 250/2013/R/EFR. For the time being, no further incentives are granted to new photovoltaic plants.

With regard to photovoltaic plants, Law Decree No. 91 dated 24 June 2014 ("**Spalma-Incentivi Decree**") and its implementing acts issued by the MED, provided three options that had to be chosen by solar electricity producers, having effect from 1 January 2015:

- an extension of the incentivized period;
- the reshaping of the feed-in tariff with initial decrease of payments and subsequent compensation;
- the flat reduction of a percentage of the feed-in tariff.

Several claims have been filed with the Lazio Administrative Tribunal to challenge the provisions of the Ministerial Decrees implementing the Spalma-Incentivi Decree as the claimants deemed that the provisions thereunder were to be considered as having an unjustified "retroactive" effect on rights that has already been fully acquired. In June 2015 the Lazio Administrative Tribunal filed for a constitutional scrutiny, regarding article 26 paragraph. 3, to the Italian Constitutional Court. On 24 January 2017 the Constitutional Court has declared as "not grounded" the query on the constitutional legitimacy of art. 26 paragraph 3 Spalma-Incentivi.

Import

The volume of electricity that can be imported into Italy is limited by:

(i) the capacity of transmission lines that connect the Italian grid with those of other countries and by concerns relating to the security of the system (currently, a maximum import capacity of approximately 8,040 MW is available to import energy safely); and

(ii) the threshold established by the Bersani Decree with reference to electricity that can be imported by a single company (no more than 50% of the total electricity imported).

The rules for the allocation of interconnection capacity have remained unchanged since 2007. Pursuant to agreements between Terna and neighbouring transmission system operators (**TSOs**), interconnection capacity rights for each border are jointly allocated by explicit auction (on a yearly, monthly and daily basis). Revenues arising from the auctions (which are shared evenly between the TSOs involved) and belonging to Terna are transferred onto clients on a *pro rata* basis by reducing the dispatching charges.

The provisions on exemption from the third-party access obligations for companies investing in new connection infrastructures provided for by Law Decree No. 239 of 29 August 2003 (converted into Law No. 290 of 27 October 2003) have been amended by Article 39 of Legislative Decree 93/2011, as briefly described above.

[2] The Directive 2009/28/EC is aimed at achieving a 20% share of energy from renewable resources in the EU's final consumption of energy in 2020. In light of this objective, for the first time, Member States are assigned mandatory individual targets for the share of renewable energy sources in final energy consumption (for Italy such target is 17%).

Recently, the MED has issued the Decree dated 16 January 2015 providing for criteria and conditions applying to electricity imports during 2015 (the **Import Decree**).

Transmission and distribution

The two others activities related to electricity are "transmission" (*i.e.* the transport of electricity on high and very high voltage interconnected networks from the plants where it was generated or, in the case of imported energy, from the points of acquisition, to distribution systems) and "distribution" (*i.e.* the transportation and conversion of electric energy, from the transmission grid, on distribution networks of medium and low-voltage for delivery to end-users).

Distribution companies in Italy are licensed by the state to provide distribution services to all clients who request them. These clients are subject to the payment of applicable tariffs.

The Bersani Decree sought to promote the consolidation of the Italian electricity distribution industry by providing for a single distribution licence within each municipality and establishing procedures to consolidate distribution activities under a single operator in municipalities where both Enel S.p.A. (the former monopolist) and a local distribution company were engaged in electricity distribution. The same Decree gave local distribution companies the right to request that Enel S.p.A. sell its distribution networks located in the municipalities where those companies already distributed electricity to at least 20% of the consumers.

The Bersani Decree provides that distribution services shall be performed on the basis of concessions issued by the Ministry of Industry (now the MED). The operators holding concessions have *de facto* authority to manage the service on a monopolistic basis in their area of competence. Pursuant to article 9 of the Bersani Decree, concessions granted within 31 March 2001 to distributors operating at the date of enactment of the same Bersani Decree shall be in force until 31 December 2030; starting from 31 December 2030 new concessions shall be granted through public tenders.

The distribution companies are required to connect to their networks all parties who request connection, without compromising the continuity of the service and in compliance with the applicable technical regulations and provisions. In this regard, the AEEGSI and Terna have published and approved a standard distribution code ("**Codice di Rete**") which shall be applied and used by local distribution companies and regulate their relationship with the users of the medium and low voltage networks.

Regulated activities are remunerated through the network tariff component, which is set directly by the AEEGSI at the same level for all operators on the national territory. At the end of 2015, with resolutions 654/2015/R/eel and 646/2015/R/eel, AEEGSI adopted the new tariff and quality regulation for transmission, distribution and metering services, extending the regulatory period to eight years (2016-2023) from the previous four. Capital expenditures, Depreciation and Operating Costs for providing transmission, distribution and metering services are covered by tariffs set up by AEEGSI at the beginning of each regulatory period and updated on a yearly basis with an inflation and an efficiency parameters.

In 2015, with resolution 583/2015/R/com, it was established an overall reform of the "return on invested capital" (WACC), pursued to avoid the extreme rates' volatility experienced during the last years of financial turbulences: with this reform AEEGSI has established a floor to the risk free rate (one of the main component of the WACC formula), considered the minimum reasonable return for infrastructure investments, and has defined a "country risk premium" to isolate the higher return requested by investors to finance companies in high-risk countries (like Italy).

Moreover, the AEEGSI set a strict regulation concerning functional unbundling in order to guarantee the independence between the separated activities.

Sale of electricity

Pursuant to Section 1, paragraph 2 of the Marzano Law, no governmental licence, consent or permit is required to carry out electricity sale and purchase activities. Electricity is traded in two main markets, which are the wholesale and the retail markets.

The Power Exchange is a marketplace for the spot trading of electricity by producers and consumers under the management of the Gestore dei Mercati Energetici (**GME**); it began operations on 1 April 2004. Producers

can sell their electricity on the Power Exchange at the system marginal price defined by hourly auctions. Otherwise they can choose to enter into bilateral contracts, whereby the price is agreed with the other counterparty. Recently the market was enhanced through the commencement of operations of new forward-markets: (i) the forward physical market, (the **MTE**), which is managed by Electricity Market Operator; and (ii) the derivatives financial market, (the **IDEX**), which is managed by Borsa Italiana S.p.A.

As far as the retail market is concerned, on 18 June 2007, the Government adopted Legislative Decree No. 73 of 18 June 2007 (subsequently converted into law through Law No. 125 of 3 August 2007, which came into force on 15 August 2007) in the run up to the opening of the free electricity market to all clients (which took place on 1 July 2007). The measure establishes:

- the obligation for corporate separation between distribution and sales activities for distribution companies having more than 100,000 clients;
- provisions to ensure non-discriminatory access to metering data;
- provisions to ensure the supply of electricity by suitable sales companies, or distribution companies with less than 100,000 customers connected to their network, to Universal Service clients. For these clients (residential clients and small business clients that have not opted for the free market), electricity supply is ensured by the Single Buyer (*i.e.* the largest wholesaler in the market). The standard conditions and reference prices for the service are determined by the AEEGSI; and
- a Last-Resort Service supplier, selected by tender, for clients not eligible for Universal Service.

In particular, pursuant to Law Decree no. 73 of 18 June 2007, as of 1 July 2007, retail end users have the right to withdraw from existing electricity supply contracts, in accordance with the procedures established by the AEEGSI, and to select a different electricity supplier. For end users which have opted for free market conditions, the terms and conditions - including the price - of electricity supply contracts may be agreed between the supplier and the relevant end user. For end users that have not opted for free market conditions, the regulated tariffs apply, as set out under the "Testo integrato delle disposizioni dell'autorità per l'energia elettrica e il gas per l'erogazione dei servizi di vendita dell'energia elettrica di maggior tutela e di salvaguardia ai clienti finali ai sensi del decreto legge 18 giugno 2007, n. 73/07" (as subsequently amended and integrated).

Pursuant to Law Decree of 23 December 2013, No.145 ("**Destinazione Italia Decree**"), as enacted into law through Law no. 9 dated 21 February 2014, on the basis of the hourly energy trends on the free market, the AEEGSI determined by means of Resolution no. 170/2014/R/EEL dated 10 April 2014, the parameters for the calculation of the prices for electricity supply to end users who do not buy electricity on the free market.

In such relation AEEGSI issued several resolutions concerning the upgrade of the time slots, the installation of electronic measurement devices for telemanagement, the economic conditions for service of greater protection (PED fees), the duties of registration, the postponement of the terms of application of PED not-onehour payments to costumers, the beginning and the conclusion of the procedure for the issuance of measures related to how to apply different PED fees during a period of time to costumers who need a service of greater protection, the regulation of the economic orders of the settlement service and the distribution of the sale service of electricity to the final customer. Lastly, AEEGSI Resolutions No. 562 and No. 564/2013 redefined the last resort suppliers criteria and a new bid occurred and on 22 November 2013 the Single Buyer published the outcomes of the bid identifying the Last Resort Supplier for each geographical area for the 2014 – 2016 period.

Furthermore AEEGSI by means of Decision no. 369/2016/R/EEL dated 7 July 2016, establishes a new regulated regime for "protected customers" (the so-called "tutela simile") which will be effective from 1 January 2017 and thereafter will replace the "servizio di maggior tutela". The "tutela simile" contracts will be offered only by electricity suppliers which meet the financial and dimensional requirements set out under AEEGSI Resolution no. 369/2016/R/EEL. The characteristics of the "*tutela simile*" contracts will not be freely determined by each electricity supplier, but will have to be consistent with the predefined AEEGSI principles concerning duration, payments and termination. The suppliers must in any case offer to the potential clients the "*tutela simile*" offer, as possible alternative to free market conditions. The price of the electricity supply will be substantially in line with that under the "*servizio di maggior tutela*" (save for a one-off bonus which will be quantified by the supply company in favour of the end user on the first invoice).

In addition, for retail transactions supply contracts are entered into directly with end customers and, therefore, the contract rules for the safeguard of consumer rights also apply (i.e. Legislative Decree of 6 September 2005, no. 206), together with the safeguard regulation and rules approved by the AEEGSI.

With regard to wholesale transactions, these may be carried out over the counter or on the Power Exchange market, or may consist of purchases by the Single Buyer.

NATURAL GAS REGULATION IN ITALY

Italian regulations enacted in May 2000 (Legislative Decree No. 164 of 23 May 2000, the **Letta Decree**) implementing EU directives on gas sector liberalisation (1998/30/EC) introduced competition into the Italian natural gas market through the liberalisation of the import, export, transport, dispatching, and sale of gas. The liberalisation process was successively strengthened by EU Directive 2003/55/EC and by EU Directive 2009/73/EC on natural gas internal market, comprised in the Third Energy Package as implemented in Italy by Legislative Decree 93/2011, which introduced, on the one hand, stricter unbundling obligations on companies operating in the gas transport, distribution and sale sectors and, on the other hand, incentives for new import infrastructure. The authorities responsible for turning this regulation into practice are the MED and the AEEGSI.

Pursuant to the Letta Decree, no single operator was allowed to import gas (for the purpose of selling such gas, directly or through subsidiaries, holding companies or companies controlled by the same holding company) in a quantity exceeding a specified percentage of the total domestic gas consumption, set at 75% in 2002 and decreasing by two percentage points each year thereafter, to 61% in 2010. At the same time, until that date, no single operator is allowed to hold a market share higher than 50% of domestic sales to final clients, directly or through subsidiaries, holding companies or companies controlled by the same holding company. Legislative Decree No. 130 of 23 April 2010 set new antitrust caps that prevent any single operator from introducing into Italy gas in a quantity exceeding 40% of domestic gas consumption. This cap may be lifted to 60% if the relevant operator invests in new storage capacity equal to at least 4 billion cubic metres.

Law No. 99/2009 foresees the constitution of a market exchange for the supply and sale of natural gas, managed by GME.

GME organises and manages the natural gas market (the **MGAS**). In the MGAS, parties authorised to carry out transactions at the "*Punto Virtuale di Scambio*" (PSV – Virtual Trading Point) may make spot purchases and sales of natural gas quantities. In the MGAS, GME plays the role of central counterparty of the transactions concluded by market participants. The MGAS consists of a Day-Ahead Gas Market (MGP-GAS), a Intra-Day Gas Market (MI-GAS) and a Forward Gas Market (MT-GAS).

Transportation and dispatch

According to the Letta Decree, transporting and dispatching gas is considered an activity of public interest. Companies involved in these activities must guarantee access on a non-discriminatory basis to users who request it, provided that the connection works required are technically and economically feasible. Companies that carry out transport and dispatch activities govern the flow of gas and the auxiliary services needed for the system to function, including modulation. These companies are also responsible for the strategic storage of gas under MED directives[3] and they must ensure compliance with any other obligations aimed at guaranteeing the safety, reliability, efficiency and lowest cost of the service and of supplies.

From 1 January 2002, only operators that have no other activities in the gas production process, except for storage activities, may transport and dispatch gas. Even so, all such storage and transportation activities must be accounted for separately.

Snam Rete Gas S.p.A. owns and operates approximately 95% of the Italian gas transport network.

Storage

Pursuant to the Letta Decree, as modified by Law Decree No. 179/2012, storage activities are conducted under concessions, granted by the MED, which have terms of 30 years and may be extended for one further ten-year

[3] Legislative Decree No. 93/2011 abolished the ratio imports/strategic storage = 10%.

period. Operators are required to provide storage services to third parties upon request, with priority for residential clients, provided that they have enough capacity and that providing such storage services are economically and technically feasible.

The AEEGSI regulates the storage tariff system establishing the criteria for the determination of tariffs for each regulatory period.

By means of AEEGSI resolution No. 75, dated 1 July 2003, as subsequently amended, AEEGSI issued the "SNAM Gas Grid Code" ("**Codice di rete SNAM**"), which provides for detailed rules and procedures concerning the dispatching and balancing services in order to ensure the efficiency of the gas transmission grid. Most important, the companies which provide transport and dispatching services may not refuse to connect to the gas distribution network users who are compliant with the AEEGSI rules. In particular, access may be refused for one of the three following reasons: (i) lack of capacity or interconnection, (ii) when granting access would prevent the undertaking from carrying out the public-service obligations assigned pursuant to the applicable law and regulations, and (iii) in case of serious economic and financial difficulties related to take-or-pay contracts entered into by the undertaking before the Letta Decree.

Distribution

Pursuant to the Letta Decree, distribution activity is considered as a public service and may be carried out only by companies which do not already provide other services in the gas sector, as sale, dispatching or storage activities.

The Letta Decree established that distribution activities must be exercised only by operators having won tenders for gas distribution concessions for periods not exceeding 12 years. Licensees of distribution networks are obliged to grant access to any third party that so requests on the basis of tariffs set by the AEEGSI and in compliance with its network code. The AEEGSI, in July 2004, adopted Resolution No. 138/2004 (as subsequently amended by many AEEGSI resolutions), which sets the criteria for access to distribution services and for the drafting of the network codes by distribution operators, introducing special measures for the operations of interconnection points between transportation and distribution networks.

The operation of the gas distribution service is regulated by a concession agreement which provides, *inter alia*, the rules for the operation of the service by the concessionaire, the obligations and rights of the concessionaires on the assets, the quality service targets, the economic terms and conditions, consequences in case of defaults, conditions for the termination of the concession, etc. Nevertheless, outgoing operators are still required to continue providing the service, within the limits of the ordinary administration, until the date of the new assignments.

Prior to the implementation of the reform of the gas distribution sector started with the Letta Decree, all gas distribution concessions were awarded by Municipal Authorities. Subsequently Article 46-*bis* of Law Decree 159/2007 introduced the principle that gas distribution services must be rendered within wider geographical areas and no longer at a municipal level.

A first decree (Ministerial Decree dated 19 January 2011) setting out the criteria for establishing the territorial jurisdictions was published on 31 March 2011 and a second decree (Ministerial Decree dated 18 October 2011) defining the composition of the so-called *Ambiti Territoriali Minimi* (**ATEMs**) was published on 28 October 2011.

On 12 November 2011, the MED adopted decree No. 226/2011, regulating the new tender procedure for the awarding of the distribution concessions within the ATEMs (**Tenders Decree**). According to Article 12 of the Tenders Decree, the selection is made on the basis of the most economically convenient offer, calculated through the combination of three parameters (economic conditions, security and quality criteria and network development plans). A specific score is assigned to each of the aforementioned parameters by a commission of five independent members, on the basis of the sub-criteria and specifications established in the call for bids.

The terms originally expected to begin and carry out the tenders, however, were subject to numerous deferrals. Recently, Law No. 21/2016, the conversion law of Law Decree No. 210/2015 (so called "*milleproroghe*" decree) has extended the terms for the publication of calls for tenders for the concession of natural gas

services . Therefore, currently the deadline to launch the tenders in the first group of ATEMs will expire on 11 July 2016.

According to Article 15, Paragraph 5, of the Letta Decree, as amended by Law Decree No. 69/2013, deadlines for Municipalities for the choice of the awarding authority for new tenders was renewed for an additional four months (*i.e.* until February 2014)[4]. Such terms have been most recently extended by means of Law Decree No. 210/2015 converted into Law No. 21/2016.

At the expiration of the old concessions, the plants should have been transferred to the Municipalities upon the payment of an indemnity in favour to the outgoing concessionaire. Such indemnity may be paid by the new concessionaire or by the Municipalities themselves.

In several cases, there are disputes (pending before Administrative and Ordinary Courts) between the parties regarding the quantification of the indemnity and the related assessment is assigned to an arbitrators panel. Regarding the investments held by the previous concessionaire on the plants transferred to the new concessionaire, based on Article 24, Paragraph 1, of Legislative Decree 93/2011, the new concessionaire is required to step in to the existing guarantees and financing obligations or, as an alternative, to discharge them by paying to the previous concessionaire an amount equal to the repayment value (the **Repayment Value**) of the plants transferred.

The Repayment Value is due to the previous concessionaire at the expiration of the concession and is equal, for the first round of tenders, to the residual industrial value, then to the value of net fixed assets of locality (*immobilizzazioni nette di località*) of the distribution service, including construction in progress, net of public or private contributions, calculated using the methodology of the current tariff adjustment and on the basis of the consistency of the plants at the time of their transfer.

By a Ministerial Decree dated 5 February 2013 a master service agreement for the distribution of natural gas was approved in compliance with the provisions of article 14 of Legislative Decree n. 164 of 23 May 2000. In particular, such master service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the duration of the agreement – established in a maximum of twelve years, the termination provisions, and provides that the outgoing operator transfers the ownership of its plants to the incoming operator upon payment by this latter of the compensation figure provided for under article 14, paragraph 8 of the Letta Decree.

The **Destinazione Italia Decree** introduced a dual methodology enhancement of networks (i) RAB ("Regulatory Asset Base") value that is recognized by AEEGSI for the calculation of capital costs in the rates (ii) Industrial Residual Value (VIR) to be calculated by the method of enhancement of the forward net of the physical-technical degradation of the reconstruction cost of the facilities, net of government grants.

The amount of the VIR must be inserted in the call for tenders as defined by the municipalities grantors. If the VIR value is 10% higher than the RAB, the local authority must provide detailed feedback to AEEGSI before publication of the notice. With the Law 21/2016 has been decided the further extension of the period for publication of the contract notice. Currently several ATEMs are publishing their tender notices. This reform provides for the publication of 74 invitations to tender in 2016, 98 in 2017 and five in 2018 and 2019. As of today, on the basis of the calendar set forth with Law 21/2016, 82 ATEM invitations to tender should have been published; further 14 ATEM invitations to tender should have been published by 11 March 2017 and further 17 by 11 April 2017, for a total of 103. Actually only 14 invitations to tender have already been published, and they either have been challenged before the competent TAR or extended by the relevant contracting authorities.

Costs for providing distribution and metering services are covered by tariffs fixed by the AEEGSI at the beginning of each reference period and updated on a yearly basis by applying defined mechanisms. Tariff reference periods used to have a length of 4 years, while the current tariff reference period has been set in 6 years from 2014.

Pursuant to Resolution No. ARG/gas 573/2013 (so called **RTDG**), the AEEGSI defined the methodology for determining the distribution tariffs for the 2014-2019 regulatory period. The mandatory distribution tariff is

[4] Such renewal applies only to the Municipalities in the ATEMs whose deadline has expired in October 2013.

composed of eight parameters covering, *inter alia*, general system charges, retail sale costs, etc. Pursuant to Article 28 of the RTDG the national territory is divided into six tariff areas each one having its own mandatory distribution tariff.

AEEGSI Resolution No. 367/2014/R/gas defined the applicable tariffs for distribution and metering for the regulatory period 2014-2019. The AEEGSI each year sets the relevant tariffs for the distribution service, which must be applied by the distribution companies to the clients. AEEGSI Resolutions No 173/2016, dated 7 April 2016, has determined the provisional reference rates for distribution services and gas metering for the year 2016, on the basis of the pre-final financial figures for the year 2015. The resolution related to 2017 has not been published yet by the AEEGSI.

From the year 2016 the return on capital will be defined following the new regulation adopted with resolution 583/2015/R/com, as described in "*Electricity Regulation in Italy – Transmission and Distribution*" above.

Recently, AEEGSI has published the consultation document No. 456/2016 relevant to the criteria for the recognition of costs related to investments in the natural gas distribution networks, starting from 2018 through the standard cost mechanism. In the consultation document, AEEGSI has expressed the orientation of establishing a technical round table between the distribution companies, also through trade associations, and the offices of the AEEGSI for the purpose of defining a pricelist for the recognition of costs related to the investments in the networks for the distribution of natural gas from the investment which will be made in 2018. With resolution No. 704/2016/R/GAS the round table has been set up. Natural gas distribution companies (together with electricity distribution companies) are required under the Bersani Decree to implement energy efficiency measures for end users and deliver to the AEEGSI by May 31 of each year a certain number of TEE ("**White Certificates**"). Distribution companies may also buy TEEs from third parties.

Sale of natural gas

The Letta Decree distinguishes between wholesale activity and retail sale activity. Since 1 January 2002, only companies that are not engaged in any other activity in the natural gas sector, other than as importers, drillers or wholesalers, have been entitled to sell gas to retail customers.

Sale of gas to end-users requires authorisation from the MED, which can only be refused on objective and non-discriminatory grounds. Pursuant to article 17 of the Letta Decree companies that intend to sell gas to end users must obtain a license from the MED. Such authorisation is issued on the basis of criteria set by the MED, provided that the company meets certain requirements (*e.g.* appropriate technical and financial capacity) and may only be refused on objective and non-discriminatory grounds. Starting from 1 January 2012, companies authorised to sell gas are included the specific list managed by the MED and published on its website pursuant to Article 17 of Legislative Decree 164/2000.

Until 31 December 2002, only certain large consumers – gas eligible clients – were able to freely choose their suppliers of natural gas. During the same period, clients, mainly residential, who did not qualify as gas eligible clients, were obliged to purchase gas from distributors operating in their local area at a tariff set by the AEEGSI. Since 1 January 2003, retail customers have been able to choose between supplies of natural gas carried out on a free market basis or on a regulated basis. In the free market, the terms and conditions - including the price - of gas supply contracts are agreed between the supplier and the relevant end customer.

Law No. 99/2009 provides for the constitution of a market exchange for the supply and sale of natural gas and for the Electricity Market Operator, in compliance with the principles of transparency, competition and non-discrimination, to be designated as manager of the natural gas exchange market. Law No. 99/2009 also establishes 'Last-Resort Service' provisions for residential clients. In this regard, the Single Buyer would be responsible for ensuring annual supplies up to 200,000 cubic metres to final residential clients.

Law No. 99/2009 and the MED Decree dated 3 September 2009 transfer responsibility for selecting suppliers of last resort to the Single Buyer. Every year, the AEEGSI established the procedure for selecting suppliers of last resort for natural gas.

MED Decree of 18 March 2010 established a trading platform for the exchange of gas imports (P-Gas), managed by the Energy Market Operator. The gas exchange started in October 2010, with the Energy Market Operator acting as central counterparty ((A) the M-Gas platform, formed of: (i) day ahead market - MGP-Gas,

and (ii) intraday market - MI-Gas, and (B) the forward gas market – MT Gas). The gas balancing market on the PB-Gas platform started in December 2011, which was managed by the Energy Market Operator, with Snam Rete Gas S.p.A. acting as central counterparty. On the gas balancing market, an ex-post gas exchange session takes place which is aimed at balancing the whole gas system and shipper positions (the part of the supply chain in which gas is produced or imported or bought from domestic producers or other shippers) through the purchase and sale of stored gas. On the PB-Gas platform, which is accessible to all operators, operators may acquire, on the basis of economic merit, the necessary resources to balance their positions and ensure the constant balance of the network, for the purposes of ensuring system security.

Regulated tariffs ("*servizio di maggior tutela*") are set out under the "*Testo integrato delle attività di vendita al dettaglio di gas naturale e gas diversi dal gas naturale e distribuiti a mezzo di reti urbane*" (the "**TIVG**"), as amended by AEEGSI Resolution No. 672/2014/r/gas. Pursuant to the TIVG, regulated tariffs apply to retail customers who do not opt for free market tariffs as well as to households where gas consumption does not exceed 200,000 Smc/year. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, metering, marketing activities). Invoices to end customers must show the breakdown of such costs. In addition to the TIVG, transactions involving retail customers are also subject to rules for the safeguard of consumer rights (*i.e.* Legislative Decree of 6 September 2005, No. 206).

Heating service

Until year 2014 district heating activities were not subject to specific regulation in Italy. District heating supply agreements were only subject to the general provisions of the Italian Civil Code. Through the European Directive 2012/27/EU dated 25 October 2012 (hereinafter the "**Directive 2012/27/EU**"), the European Commission has introduced new provisions in order to contain and make more efficient the consumptions for heating, air conditioning and for the supply of hot domestic water ("**HDW**") in civil buildings.

District heating supply agreements are subject to the general provisions of the Italian Civil Code. However, in January 2012 the Antitrust Authority started a cognitive survey regarding the district heating market. The survey ended in March 2014 and analysed the possible competition constraints inside the regional heating markets. The final report issued by the Antitrust Authority wishes for the prompt adoption of a more homogenous national regulatory framework, although this regulation should not distort the competition.

Legislative Decree No. 102/2014, implementing the EU Directive 2012/27/UE, has attributed the regulatory power for heating/cooling service to the national Regulatory Authority for Electricity, Gas and Water (AEEGSI).

The principles and the goal of the regulatory activity of the AEEGSI in the years 2015-2018 have been listed in a document, called "strategic framework ("*quadro strategico per il quadriennio 2015-2018*"), approved after the consultation of the relevant stakeholders by the AEEGSI with the Decision 3/2015/A dated 15 January 2015. The goal of the AEEGSI was to show that the relevant principles in the district heating sector are common with the principles of the other regulated energetic sectors.

The consultation had the goal of identifying the case law and legislative framework and the issues in relation to the regulatory functions attributed to the AEEGSI. The results of that consultation allow the AEEGSI to identify the priority action lines in the regulatory process of the AEEGSI. The new regulations that shall be implemented by AEEGSI in the following years, as established by the Decision of the AEEGSI 19/2015/R/TLR dated 29 January 2015, will concern:

- the definition of the relevant standard of technical and commercial quality, continuity, safety, of the district heating service, of the plant and of the energy counting systems;
- the criteria and the modalities of the supply of the meters to the end users as well the modalities by which the end user can assign the supply of the service to another retail company;
- the tariff of the heat assignment pursuant to the Legislative Decree 102/2014, the criteria for the determination of the connection to the district heating network fees and the modalities of the disconnection to the district heating network;

- non-discriminatory conditions for the connection to the network of new cogeneration plants;
- the measurement, the calculation, and invoicing of the energetic consumption to end users and their right to access to relevant invoicing documentation;
- "census" of the relevant stakeholders of the district heating sector, of the network's infrastructures and of the plants; and
- the transparency in relation to the price and the contractual conditions of the district heating service.

In the period January 2015 – March 2016, according to the "strategic framework", especially in the second semester of the year 2015, began the following regulatory processes of the AEEGSI:

- the definition of the informational obligations subject operating in the district heating sector and the registration obligation of the infrastructural grids to the "district heating and district air conditioning territorial register" ("*Anagrafica Territoriale Teleriscaldamento e Teleraffrescamento*"), as specified in Decision of the AEEGSI 339/2015/R/TLR and amended by Decision of the AEEGSI 25/2015/R/TLR;
- the collection of information on the price invoiced to end users, began in November 2015 pursuant to the Decision of the AEEGSI 578/2015/R/TLR dated 26 November 2015 (as subsequently amended with Decision 643/2015/R/TLR), and directed to build an informative basis on the modalities for the determination and adjournment of the price and fees in this sector as well as on their publicity and availability to the public; and
- the beginning of the regulatory activities in the field of the measurement of the heat, thanks to a research project, developed in collaboration between the University of Cassino, the offices of the European Commission and the Italian MED.

As a consequence the AEEGSI is expected to issue a new decision on the topics provided by art. 9 of Legislative Decree 102/2014 and in the near future, having the given deadline already expired.

ENVIRONMENTAL REGULATION IN ITALY

In Italy, the regulatory framework on energy efficiency is in force as from 2005 and was originally regulated by two Ministerial Decrees enacted in July 2004. Under energy efficiency regulation, electricity and gas distributors are required to achieve end-use energy efficiency targets, with reductions in primary energy consumption.

The above-mentioned Ministerial Decrees provided that distributors who are required to achieve energy saving must deliver the AEEGSI a quantity of the so-called "energy efficiency certificates" (**TEE**) or "white certificates" equal to their energy saving obligation. The energy efficiency certificates, of a unit value of 1 TOE, are issued by the national Energy Services Operator (GSE) (after the certification of the energy savings provided by the Authority) in favour of the distributors and their subsidiaries and in favour of companies operating in the energy service sector (so called **ESCOs**, energy service companies) and, from 2008, also in favour of companies with "energy manager" pursuant to Law No. 10 of 16 January 1991, upon implementation of projects improving energy efficiency. This kind of project includes measures aimed at reducing the quantity of primary energy required to meet the customers' energy demand or to reduce energy consumption. If the resulting energy efficiency certificates are not sufficient, distributors (being subject to the obligation above) may purchase the remaining energy efficiency certificates on the market. The methods for assessing the energy saving achieved by the individual measures implemented are included in the guidelines issued by the AEEGSI (No. 9/11) in accordance with the Ministerial Decrees of 20 July 2004. On 3 July 2008, Legislative Decree No. 115 of 30 May 2008 implementing Directive 2006/32/EC on energy end-use efficiency and energy services was published in the Italian Official Gazette. Such decree further extended the obligations of electricity and gas distributors to retail energy sales companies.

Recently, the regulation framework has been modified by the Ministerial Decree dated 28 December 2012 which defined new national targets for the energy savings referred to gas and electricity distribution companies for the 2013 to 2016 period. The above mentioned Ministerial Decree has introduced new entities admitted to the filing of projects to be granted with the white certificates incentive regime. Such Ministerial

Decree further provides the duties and responsibilities related to the management, assessment and auditing of the energy actually saved by the projects benefiting from the white certificates mechanism have been transferred from the AEEGSI to the GSE starting from 3 February 2013.

In addition, for the 2013 to 2014 period only the minimum percentage achievement obligation has been reduced from 60% to 50%. The MED provided also that the residual obligation can be covered over the subsequent two years (rather than in the following year, as provided for under the previous decrees).

It should be also noted that on 5 September 2011, the MED issued a decree providing for a special incentive regime for co-generation power plants (so called, high efficiency co-generation). Such incentives (granted for a ten-year period or for a 15-year period with reference to co-generation plants with a district heating) cannot be aggregated with energy efficiency certificates. Such Decree was partially amended by the Decree dated 8 August 2012, which modified the definition of "reconstruction" provided therein.

A new energy efficiency Directive No. 2012/27/EU replaced the current directives on co-generation (2004/8/EC) implemented in Italy by Legislative Decree No. 20/2007 and energy services (2006/32/EC) implemented in Italy by Legislative Decree No. 115/2008. The above energy efficiency directive shall be implemented by each member State by 5 June 2014 and provides for, *inter alia*, an annual energy saving requirement of 1.5% for each Member State; such result may be achieved by introducing an equivalent obligation for energy distribution or sales companies or through alternative measures (such as, by way of example, financing programmes or voluntary agreements).

With specific reference to emissions trading and, particularly, in relation to CO2 Emissions, both the European Union and Italy are signatories to the so called Kyoto Protocol setting legally binding targets for reduction of emissions in the context of the United Nations Framework Convention on Climate Change (UNFCCC). The Kyoto Protocol established an international carbon market to trade emission permits, allowing parties to comply with reduction targets in a cost efficient way.

On 13 October 2003 the European Parliament and the Council passed Directive No. 2003/87/EC (hereinafter also referred to as the "**Emission Directive**"), which establishes a scheme for greenhouse gas emission allowance trading within the Community. The EU ETS works on the 'cap and trade' principle. A 'cap', or limit, is set on the total amount of certain greenhouse gases that can be emitted by the factories, power plants and other installations in the system. The cap is reduced over time so that total emissions fall. Within the cap, companies receive or buy emission allowances which they can trade with one another as needed. The limit on the total number of allowances available ensures that they have a value. After each year a company must surrender enough allowances to cover all its emissions, otherwise heavy fines are imposed. If a company reduces its emissions, it can keep the spare allowances to cover its future needs or else sell them to another company that is short of allowances. The flexibility that trading brings ensures that emissions are cut where it costs least to do so.

The EU ETS is now in its third phase, running from 2013 to 2020. A major revision of the Emission Directive, introduced by means of Directive No. 2009/29/EC in order to strengthen the system, means the third phase is significantly different from former phases. Main changes include: (a) the provision of a single EU-wide cap on emissions applicable in place of the previous system of national caps; (b) the choice of auctioning (as opposed to free allocation) as default method for allocating allowances[5]; and (c) the application of harmonised allocation rules for those allowances still given away for free according to ambitious EU-wide benchmarks of emissions performance.

The Emission Directive was originally implemented by means of Legislative Decree dated 4 April 2006, No. 216. Following the 2009 major revision, Legislative Decree No. 216/2006 was repealed and replaced by Legislative Decree 13 March 2013, No. 30, in force from 5 April 2013. Legislative Decree No. 30/2013 appoints the "National committee on implementation of Directive No. 2003/87/EC", instituted within the Ministry for the Environment, as national authority responsible for implementing the Emission Directive.

[5] In 2013 more than 40% of allowances should have been auctioned, and this share will rise progressively each year.

Landfill disposal

Regarding landfill disposal, Legislative Decree No. 36 of 13 January 2003 (**Decree 36/2003**) implemented Council Directive No. 1999/31/EC (the so called **Landfill Directive**), aimed at preventing, or reducing to any possible extent, the negative environmental effects of landfill.

Decree 36/2003 requires companies that operate a landfill to carry out a series of activities concerning collection, storage and disposal of the percolate, for a period of 30 years after closure of the landfill. The price applied by the operator for landfill disposal must cover the costs for landfill management for at least 30 years after closure.

Site Remediation

In Italy the Legislative Decree No. 152/2006 (the so called **Environmental Code**) sets out the legal framework on remediation of contaminated sites. The regulation envisages three kinds of liabilities burdening the responsible person/entity of a polluting or pollution-risk event: (i) civil liability, (ii) obligations towards public authorities and (iii) criminal liability.

Pursuant to the Environmental Code, the polluter (and also the owner of the site) has the duty to immediately notify the competent authorities of a polluting or pollution-risk event and to adopt spontaneously a number of measures within the deadlines established by law, in order to prevent further consequences of the contamination event. On the other hand, the owner of the site has no direct duties of remediation and clean-up.

In the event the polluter does not carry out the clean-up and remediation works, the competent Authorities can directly take care of the same. However, when the Authorities perform directly clean-up and remediation works, the same shall identify the polluter and manage to recover by the same the costs borne for the clean-up. Should the polluter not be identified or being insolvent, the Authorities shall adopt a resolution which has the effect of imposing on the relevant property a so called *onere reale*: *i.e.*, an obligation *propter rem* which obliges whatever owner of the land to repay the cost borne by the Authorities to carry out the clean-up and remediation works. For this reason the *onere reale* is recorded on the cadastral register and can be enforced against any party purchasing the land. In order to avoid the imposition of the *onere reale*, the owner of a polluted site might be interested in carrying out directly the relevant works.

The Environmental Code introduces real threshold concentration values for contamination (CSC). If these values are exceeded, it is mandatory to proceed with further investigations, performing a site characterisation and a site-specific risk assessment. If the risk assessment reveals the absence of unacceptable risk, the site is declared "not contaminated"; however, in such cases, a monitoring programme may be required. Environmental Code requires a risk assessment if analytical results, collected during the preliminary investigation, exceed the contamination threshold values (CSC). In August 2011, through Legislative Decree No. 121/2011, certain crimes connected to the execution of remediation activities have been included in Legislative Decree No. 231/2001 (**Decree 231**)[6]. More recently a further crime related to omitted remediation of contaminated sites has been added to the criminal code by means of Law No. 68/2015.

Air pollution

The Environmental Code also provides for a regulatory framework concerning the air emission and the relevant measures aimed at reducing the air pollution.

The breach of the set of rules provided for the Environmental Code and regarding the air pollution reduction may entail administrative and criminal sanctions.

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[6] Decree 231 provides that a company is responsible for certain offences (not only crimes) committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company. The list of offences has been steadily increasing along the years and now covers, *inter alia*, health and safety, environment, computer crimes, etc. To avoid (or reduce) its responsibility, the company may adopt a set of rules and procedures aimed at preventing offences. Such set of rules and procedures is commonly referred to in Italy as **Model 231**. The company must take action to implement its Model 231 and supervise compliance with it. The distinctive features of a Model 231 are: (i) the identification of the business areas/operations which are considered “at risk” (where an offence could be committed); (ii) the adoption of adequate rules to prevent those risks; (iii) the appointment of a corporate body that will supervise compliance, collect information (also on the basis of anonymous notifications by employees/agents) and suggest updating ("Compliance Officer"); and (iv) a disciplinary system to sanction the breaches ("Disciplinary System").

In August 2011, certain crimes connected to the exceeding of the air emission limits (set forth by the Environmental Code or by the relevant air emission authorisation) have been included in Decree 231. The above-mentioned Law No. 68/2015 added the crimes of environmental pollution and environmental disaster to punish breaches of the set of rules regarding air pollution.

REGULATIONS APPLICABLE TO THE SUPPLY OF PUBLIC SERVICES

The supply of local public services in Italy has been regulated through several provisions (specifically Article 23-bis of Decree No. 112/2008). Almost all such provisions have been repealed after a referendum held on 12 and 13 June 2011 (the **Referendum**).

Following the Referendum results, a new regulation on the matter was adopted (Article 4 of Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011, as subsequently amended) which was however declared unconstitutional by the Constitutional Court, with judgment No. 199 of 17-20 July 2012.

As of today, public services shall be awarded according to European Law principles. Therefore, local Authorities can arrange public services through: (i) third parties selected by public procurement procedures and (ii) by direct or *in-house* provision, whenever the market is unable to meet the needs of the community and make use of entities fully controlled by the local authority and exclusively engaged in the relevant activity. More precisely, according to European Union law, there are three accepted forms of public services awards (which, in fact, are almost the same as originally provided for in Decree No. 267/2000):

(a) public tender for the selection of public service providers;

(b) direct granting of public services to a public private partnership (PPP), a cooperative venture between public authorities and private enterprise, where private partner is chosen by a public tender procedure;

(c) the so called *in house providing*, which is direct granting of public services to fully-public companies on the following conditions: (i) companies are 100% controlled by the awarding public entities, which shall exercise a control of similar content to that exercised over their own departments (*i.e.*, "*controllo analogo*"); and (ii) companies shall provide their main activity in favour of the awarding public entities (*i.e.*, *attività prevalente*).

Competitors allowed to enter into such procurement procedures and entitled to become public services managers, are:

(1) **private operators**, who may be selected to operate the service through a public tender procedure aimed at entrusting the whole public service; in this case, private operators take the form of joint-stock companies and are incorporated under Italian law;

(2) **private operators**, who can also be in charge of the management of the service by purchasing shares in a public company and becoming a private partner of the latter. Even in this case, the alienation of the shares will take place through public tenders (whereas the service will be granted directly to the public/private enterprise set up once the private partner has been chosen through a public tender); in this regard, private operators in the procurement procedure must demonstrate their economic and financial standing, their suitability to pursue the professional activity in question and their technical and/or professional ability; actually, the percentage share of the company to be granted through public tender is established at discretion of the Public Administration. Nevertheless, and although the Italian legislation on mixed public/private enterprise has been repealed, it is believed that the private partner should still have operational, as well as economic capacity in light of EU legislation;

(3) **public companies**, wholly owned by public entities can be granted public services through the *in- house providing*. This procedure excludes private operators and competitors.

On 20 October 2012 entered into force Law Decree No. 179/2012 which, however, does not apply to (i) gas distribution; (ii) distribution of electricity and (iii) municipal pharmacies, but includes, by way of example, water and waste services. However, the terms of effectiveness of the competitiveness measures contained in the Legislative Decree No. 179/2012 have been postponed until 31 December 2016, by means of the Law Decree No. 210/2015, converted into Law No. 21/2016.

On 15 January 2014 the European Parliament approved the text of a new Directive (EU Directive No. 2014/23) regulating procedures for awarding concessions. The Directive comes into force 20 days after publication in the Official Journal of the European Union and must be implemented by Member States within 24 months. The EU Directive was implemented by the Legislative Decree No. 50/2016 (the so-called "**Public Agreement Code**"). The provisions of the Public Agreement Code have been recently amended by means of the Legislative Decree No. 56 dated 19 April 2017 ("**Legislative Decree No. 56/2017**"), which came into force on 20 May 2017, in order to correct certain mistakes and inconsistencies of the original version of the Public Agreement Code. Each reference to the Legislative Decree shall be read as the Public Agreement Code as amended by means of the Legislative Decree No. 56/2017.

Delegation Law 124/2015 approved the so-called "Public Administration Reform" (or "**Madia Reform**", from the name of the Minister that promoted it), a comprehensive reform aimed at creating a single system of reference rules in the field of public companies and public services of general interest. The implementing decree, though approved by the Council of Ministers, was then not promulgated also following the pronouncement of the Constitutional Court No. 251/2016 on the Delegation Law No. 124/2015. Thus, the main reference rules in the public service sector remain Italian Legislative Decree No. 422 of 18 November 1997 (the "**Burlando Decree**") and EU Regulation 1370/2007.

WATER - RELATED SERVICES

With specific reference to the Integrated Water Service, the Environmental Code provides for the following principles for the regulation of the management of the integrated water service system in Italy:

(a) water services are provided by means of a sole integrated system for the management of the entire cycle of water resources (integrated water services or *servizio idrico integrato*, the "**IWS**"), including the abstraction, transportation and distribution of water for non-industrial purposes, water drainage and purification of waste water;

(b) the identification by the Italian regions and within each of them, of "Optimal Territorial District" (**ATOs**), within which IWS is to be managed. The boundaries of ATOs were defined on the basis of:

- consistency with hydrological conditions and logistical considerations;
- the goal of achieving industry consolidation; and
- the potential for economies of scale and operational efficiencies.

(c) the institution of a water district authority for each ATO (*Autorità di Ambito Territoriale Ottimale* or AATOs, now repealed by Law No. 191 of 26 March 2009 (Article 2, paragraph 186-*bis*) and replaced by Local Water Authorities, to be identified by means of regional Law. For the Veneto Region, the specific legislation is represented by Regional Law no. 17 of 27 April 2012 regarding "Provisions in water resources" that, under article 2, identifies the following eight ATOs: Northern Veneto, Eastern Veneto, Venice lagoon, Bacchiglione, Brenta, Chiampo valley, Veronese, Polesine.

The Local Water Authorities are responsible for:

- organising integrated water services, by means of an integrated water district plan which, *inter alia,* sets out an investments policy and the management plan referred to the relevant district (*Piano d'Ambito*);
- identifying and overseeing an operator for IWS (Water District Operator);
- determining the tariffs for IWS; and
- monitoring and supervising the service and the activities carried out by the selected operator, in order to ensure the correct application of the tariffs and the achievement of the objectives and quality levels set out in the district plan.

The organisation of integrated water services relies on a clear distinction in the division of tasks among the various governing bodies:

(a) the State and regional authorities carry out general planning activities.

(b) Local Water Authorities supervise, organise and control the IWS but these activities are managed and operated on a day-to-day basis by (public or private) IWS operators.

(c) Article 21 of the Law Decree No. 201 of 6 December 2011 (converted into Law No. 214 of 22 December 2011) has assigned several functions for the regulation and the control on the supply of IWS to the AEEGSI, in particular concerning the implementation of the general tariff method, the minimum quality standards and the rules for the operators-clients relationship.

Pursuant to the Environmental Code, the award of the management of the IWS is made in favour of a sole operator (the **Water District Operator**) selected for each ATO with a public tender procedure to be organised by the relevant Local Water Authority.

In this respect, after the Referendum (see "- *Regulations applicable to the supply of public services*" above), Italian legislation now lacks of provisions with regard to the IWS award proceedings. Hence, only European legislation will apply, according to which Local Water Authorities can arrange IWS through: (i) third parties selected by public procurement procedures; and (ii) by direct or *in-house* provision, whenever the market is unable to meet the needs of the community and make use of entities fully controlled by the local authority and mainly engaged in the relevant activity. In this respect, operators allowed to take part in such procurement procedures are the same as those described in paragraph "- *Regulations applicable to the supply of public services*" above. The contractual relationship between the Local Water Authorities and the Water District Operator is regulated by *ad hoc* agreements (*convenzioni di gestione*) which shall, in particular, provide for:

- the legal regime chosen for the management of the service;
- the term of the contract, which must not exceed 30 years;
- the obligation for the operator to return the assets assigned to it at the end of the contractual term;
- the standards, in terms of quality of the service and financial performance, that the operator is required to guarantee, as well as the criteria to be applied to monitor such performance;
- the applicable penalties and the causes of termination pursuant to the Italian Civil Code;
- the criteria and the methods for the application of tariffs determined by the Local Water Authority; and
- the obligation to execute an appropriate financial guarantee.

The Local Water Authority is responsible for preparing the draft agreement, to be drafted on the basis of a "sample agreement" adopted by the regional governments.

AIM is subject to environmental laws and regulations possibly limiting the characteristics of water discharges and wastewater from its plants. The Environmental Code provides for civil, penal and administrative sanctions in case of violations of its provisions. It must also be noted that, from August 2011, according to the rules set forth by Legislative Decree No. 121/2011, some crimes concerning water discharge disposal have been introduced within Decree 231 on entities administrative responsibility.

Pursuant to Article 154 of the Environmental Code, the water tariff represents the compensation for the concession granted to the selected operator and is calculated so as to allow for a full recovery of operating costs incurred. The costs to be considered in order to calculate the tariff should be set out in a regulation of the Minister to the Protection of the Environment and Territory.

On 28 December 2015, the new tariff method has been issued by means of Resolution No. 664/2015/R/idr. In particular, Article 2 of the Resolution No. 664/2015/R/idr (exactly like Resolution No. 643/2013/R/idr did for the period 2014-2015) defined the service costs outlined above as components to determine the new tariff. In particular, it is referred to:

- investments costs, including borrowings, taxes and depreciation charges;
- operative costs, including costs related to the electricity, wholesale supplies, costs related to the

- loans and other various components;
- any additional advance payment for new investments;
- environmental costs and of resource; and
- component relating to levelling.

Moreover, following the same structure of Resolution No. 643/2013/R/idr, Article 3 defined the tariff coefficient Teta as to period 2016-2019. In fact, the multiplier for every year "a" is determined in accordance with the relation between the costs and the valorisation of water volumes as to the year "a-2". Attached to the Resolution, the regulatory schemes as to 2016-2019 tariff period can be found. The so-called "MTI2" tariff method states that:

- the real capital and fiscal (Ires) return is 5.4%;
- the recognition of operating costs is in line with the previous regulatory period;
- the maximum level of tariff increase depends on the level of investments needed and the *ratio* between operating costs and number of population served in each ATO;
- incentives to enhance contractual quality are introduced.

Notwithstanding it is admitted by the Issuer's by-laws, AIM Vicenza does not currently carry out the Integrated Water Service.

WASTE – RELATED SERVICE

The Waste Framework Directive

At European level Directive 2008/98/EC, as subsequently amended (the "**Waste Framework Directive**") abrogates the preceding Directive 2006/12/EC on waste and Directives 75/439/EEC and 91/689/EEC regarding waste oils and hazardous waste, respectively. The revised Waste Framework Directive, in force as of 12 December 2010, introduces new provisions in order to boost waste prevention and recycling and clarifies key concepts, namely the definitions of waste, recovery and disposal and sets forth the appropriate procedures applicable to by-products and waste.

In general, the Waste Framework Directive sets objectives with deadlines regarding the minimum proportion of waste to be prepared for re-use and recycling. These guidelines for waste management are meant to prevent waste generation, to encourage re-use and to ensure safe disposal by establishing a new "waste hierarchy" for the treatment of waste. In addition, the authorization process for landfill site management proposes stringent technical requirements for waste disposed in landfills, aimed to reduce waste amounts disposed of in landfill.

According to the Waste Framework Directive, waste is defined as "any substance or object, which the holder discards, or intends or is required to discard".' Waste not covered by the Waste Directive includes, among other things, gaseous effluents dispersed into the atmosphere, radioactive waste, decommissioned explosive and other substances or objects, such as wastewater, animal by-products and waste resulting from prospecting, extraction, treatment and storage of mineral resources and the working of quarries, to the extent they are covered by other EU legislation.

Waste classification is based on the European List of Waste (Commission Decision 2000/532/EC) and Annex III to the Waste Directive, and relies on the distinctions between municipal and special waste, and hazardous and non-hazardous waste.

The Waste Framework Directive requires that any establishment or undertaking intending to carry out waste treatment obtains a permit from the competent authority, which may be granted for a limited period and may be renewable.

The Environmental Code

The Italian legal framework governing the Group's operations is mainly set forth under the Environmental Code, which governs, among other things, the management of waste in general and the granting of the permits for the opening and management of treatment plants and landfills in particular.

The Environmental Code is based on the following key principles:

- wastes are classified according to their origin (as urban waste or special waste) and their dangerousness (hazardous waste and non-hazardous waste);
- each region will be divided into ATOs and a Waste District Authority will be established for each ATO (*Autorità di Ambito Territoriale Ottimale* or **AATOs**), which, as for water services, has now been repealed, pursuant to Law No. 191 of 26 March 2009 (Article 2, paragraph 186 *bis*), by a Local Waste Authority, to be identified by means of regional Law. Such Authority is responsible for organising, awarding and supervising integrated urban waste management services (collection, transport, recycling and disposal of urban waste);
- the Local Waste Authority shall draft a district plan, in accordance with the criteria set out by the relevant regional government;
- the municipalities' responsibilities relating to integrated waste management will be transferred to the Local Waste Authorities (nevertheless, pursuant to Articles 198 and 204 of the Environmental Code, pending the establishment of the ATO and the awarding of the new tenders by the Local Waste Authorities, municipalities will retain the power to manage urban waste management service);
- a phasing-out of landfills as a disposal system for waste materials;
- the order of priority of the procedures through which waste can be managed will be the following: (i) preparation for reuse; (ii) recycling; (iii) recovery, including energy generation; and (iv) disposal; and
- simplifying administrative procedures by means the introduction of a single authorisation for the construction and operation of waste storage, treatment, landfill and incineration plants as well as general waste management.

Article 200 of the Environmental Code provides for the organization of the municipal waste management system at a local level based on identification, by the Italian Regions and within each of them, of "Optimal Territorial Districts" ("***Ambiti Territoriali Ottimali***" or "**ATOs**" and each an "**ATO**"), within which the waste services are to be managed. The system (which includes the collection, transportation, treatment and disposal of waste, including street cleaning and the control of the former activities), was managed by a public authority especially set up ("**Autorità d'Ambito**") and entrusted to the entity that is awarded the tender called for by the competent ATO. That provision has been repealed from the Environmental Code by art. 186 *bis* of Law n. 191/2009.

According to article 202 of the Environmental Code, urban waste management services consist of collection, transport and recycling of urban waste, and may even include the disposal activity. The inclusion of the disposal activities in the urban waste management services is conditional upon the decision of the Local Waste Authority to include in the urban waste management service also the construction and operation of the relevant disposal plants. Should the disposal plants not be in the ownership of the Public Entities, the owner shall ensure to the concessionaire of the urban waste management services the access to the disposal plant.

Under the Environmental Code, companies producing waste are responsible and chargeable for waste storing, transportation, recycling and disposal. Legislative Decree No. 205 of 3 December 2010, amending the Environmental Code rules concerning the paper-based waste management system, introduced the new electronic waste monitoring system (the **SISTRI**), which according to Article 11 of Law Decree No. 101/2013 (converted in Law No. 125/2013) has become operative: (i) from 1 October 2013 for the hazardous waste management (transport, recycling and disposal) operators and for those whose management activities have in turn produced other hazardous wastes; (ii) from 3 March 2014 for, *inter alia*, the hazardous waste producers.

Article 208 of the Environmental Code provides that the realization and operations of new waste disposal or recovery installations as well as their substantial modifications are subject to a permit issued by the competent

Region, after verification of the environmental and territorial compatibility of the project. The authorization is issued or denied within 150 days of the application. The permit has a ten-year duration and may be renewed upon filing of the relevant application at least 180 days prior to the expiration.

Also, with respect to waste management, from August 2011, according to the rules set forth by Legislative Decree No. 121/2011, some crimes concerning waste disposal have been introduced within Decree 231.

The waste tariff mechanism has been subject to several changes over the time.

Currently the applicable regulation is represented by Law No. 147/2013 (the so called "*Legge di Stabilità 2014*"), as amended by Law Decree No. 16/2014 converted into Law No. 68/2014, replaced TARES with a new waste tariff (the so-called "**TARI**"), which shall be payable by anyone who owns or holds title to any premises or outdoor areas likely to generate waste from January 2014. Even TARI shall be regulated by Presidential Decree dated 27 April 1999, No. 158. Alternatively, in accordance with the principle of 'the polluter pays', the Municipality shall calculate TARI on the basis of (i) the amount and quality of the waste produced per unit area (ii) the activities which have generated wastes and (iii) the cost of service on waste.

Moreover, Law Decree dated 6 March 2014, No. 16, has specified that waste management operators could continue to collect the new tariff, instead of the Municipality.

LOCAL PUBLIC TRANSPORTATION

The Group is active in business sectors which are deemed as services of general economic interest ("**SGEI**") and, in particular, road public local transport and management of public parking areas.

Pursuant to Article 106 of the Treaty on the functioning of the European Union, a SGEI is a commercial service of general economic utility subject to public-service obligations. This means that such kind of service must be provided to the final users in any case (i.e. even when there is no economic profitability to provide the service), as it is considered as necessary to meet essential needs of final users (see Communication of the European Commission 2001/C 17/04). Therefore, public service obligations may be imposed by the public authorities on the body entity providing a service (airlines, road or rail carriers, energy producers and so on), either nationally or regionally. In this connection, it is worth noting that in the Republic of Italy the interruption or the trouble in the provision of such kind of public services is subject to the application of a criminal sanction (imprisonment up to one year).

A SGEI may be also deemed as a "universal service", which concept refers to the set of general interest demands services to which all users should be entitled to have access to, at a certain quality and at an affordable price.

According to the applicable EU rules, free market and competition rules apply to undertakings responsible for managing SGEIs so long as these rules do not prevent them from accomplishing their tasks in the general interest. This means that a SGEI must be provided by an entity which has to be distinct and separate from the competent authority who is entitled to award the SGEI itself.

According to the Italian case law (see State Council No. 4599/2014) SGEI may be provided alternatively by means of:

- private entity identified as a consequence of a public awarding procedure;
- PPP (public-private partnership) and, therefore, by means of a so -called mixed company, where the private shareholder is identified as a consequence of a public awarding procedure aiming both at indicating the private shareholder and at awarding the service to the PPP entity;
- direct awarding (without a prior public awarding procedure) to an in house entity, which is an entity formally separate from the competent public authority but on which such public authority exercise a control comparable to the which exercised on its own services.

With specific reference to the local public transport service, there are many layers of particularly complex regulations (European, national and regional levels) to be considered.

At the European level, Regulation No. 1370/2007 sets out the general principle according to which the competent authorities (even local) have to ensure the provision of services on a continuous basis by entering into public service agreement with economic operators – selected by means of non-discriminatory procedures – aiming at providing sufficient level of public transport services.

Please note that some provision of the Regulation No. 1370/2007 (in particular those regarding the participation to the tender procedures) have been subject to the Court of Justice interpretation as a consequence of reference for a preliminary ruling made by the State Council in May 2017.

At the national level the public transport framework regulation has been set forth with the Burlando Decree regarding the general criteria for the awarding of a public transport service, that are the same as those indicated by the case law. The legal instrument used to award the carrying out of a local public transport service is a service agreement, to be entered into by and between a regulatory authority/public entity and an operator.

Please note that the regulatory authority/public entity has the faculty to choose among different kind of service agreements, that may be distinguished depending on the costs and the risks (industrial and commercial) sharing method, between the operator and the authority. In particular the possible methods are the following:

(i) net cost (*i.e.* both the industrial and the commercial risks have to be borne by the operator, who is paid with a fee agreed in advance and equal to the difference between the exercise costs and the expected revenues);

(ii) gross-cost (*i.e.* only the industrial risk has to be borne by the operator, who is paid with a fee exclusively depending on the costs on the basis of a certain revenues generated); and or

(iii) management agreement (*i.e.* both the industrial and the commercial risks have to be borne by the authority, who pays the operator for the management on its behalf of the service).

The service agreement discipline may regard as well the transfer of public functions and, in certain cases, of assets which are functional to the service itself. Pursuant to Article 18 of the Burlando Decree letter e), the outgoing operator has the obligation to transfer the essential assets (i.e., assets used and essential for the performance of a public service. The qualification as "essential" is attributed to the relevant asset by the awarding authority when it is decided to award the service on the market because the list of assets qualified as essential is determined ex ante) to the incumbent operator, who is obliged to purchase them and pay for them, at their market value. For assets and goods not qualified as "essential" on the contrary, the outgoing operator has the faculty (and not the duty) to make them available to the incumbent operator, who may at its discretion purchase them or not. In this respect it is worth to note that since such assets are used for the performance of a public service, they may not be distracted from the operation of the services, until the awarding authority will not consider such assets as no more essential for the operation of the service and approve the transfer at issue.

Please note that the provider of a SGEI is not entitled to be fully reimbursed by the public authorities of the costs borne to provide the service (so called subsidy cap), but has the right to be partly repaid by applying tariff (so called tariff cap, that has significant consequences on the economic and financial balance).

Pursuant to Article 17 of the Burlando Decree, economic compensations paid by the public authorities to the service providers are determined on the basis of the standard costs criterium, that has to be taken into consideration also by the awarding authorities in order to define the price in the awarding documents considering also the income from tariffs and those deriving from the eventual management of further complementary services. This rule aims at limiting public expenses.

Specifically considering the structural difficulty in self-financing the service, also demonstrated by all the international analysis, not just for the Italian situation, given the social nature of the service as well, it is necessary to also consider the rule of public financing that impact the disbursement of grants to cover costs. With the establishment of the National Fund for Government Contribution to Local Public Transport Costs (art. Article16-*bis* of Law Decree 95/2012, as replaced by Article 1, paragraph 301 of the Stability Law 2013), fuelled by the co-participation in the proceeds deriving from excise duties on transport diesel and on petrol, it was intended to provide stability and cover 75% of the sectors needs, leaving the remaining 25% to be covered by the Regions, also by using a portion of the equalisation fund that they benefit from.

In this field, Law Decree No. 50 dated 24 April 2017 (converted in law No. 96 dated 21 June 2017 published in the Italian Official Gazette on 23 June 2017) was issued, regarding investments and financing of the public transport sector and, particularly, the accessibility to the national found for the contribution of the State in the financing of the public local services, provided that the public local service has been awarded by means of a public procedure. Please note that the Law Decree no. 50/2017 has been converted in law no. 95/2017 published in the Official Gazette on 23 June 2017.

Moreover, at the national level, the Law Decree No. 201/2011 (converted into Law No. 214/2011) and Law Decree No. 1/2012 (converted into Law No. 27/2012) are applicable to the public transport sector, regarding the establishment of an independent supervisory authority in the transportation sector in Italy (the "**Independent Regulatory Authority**" or "**ART**", acronym of "*Autorità di Regolazione dei Trasporti*"). The Independent Regulatory Authority is entrusted, inter alia, with powers of economic regulation in relation to the railways, motorways and marine sectors. The Decree of the President of the Republic of 9 August 2013 appointed three members of the ART for a term of seven years. As far as economic regulatory powers are concerned, in October 2014 ART issued guidelines for tariff setting. Moreover in 2015 ART issued regulatory measures aiming at defining tenders' criteria and mechanism for the assignment of local transport service concessions and assets (Resolution No. 49/2015) ("**ART Resolution 49/15**"). In particular, the ART issued the guidelines for the drafting of the tender documentation and relevant service contracts relating to the tenders for the awarding of local transport services. ART Resolution 49/15 provides specific indications as to: (i) the criteria to identify the assets that are to be considered as "instrumental" to the service, which include, inter alia, the rail network, infrastructures, equipment, rolling stock, as well as all hardware and software necessary for the control and management of the network; (ii) the criteria to be applied in order to qualify the assets as essential, indispensable or commercial; (iii) the way the assets qualified as essential and indispensable are to be made available to the awarded service operator; (iv) the criteria to determine the termination value to be paid to the outgoing concessionaire by the new service operator in relation to the indispensable assets owned by the outgoing concessionaire and that must be made available to the new operator; (v) the time to be granted to the new operator to obtain the rolling stock from the relevant manufacturers; (vi) the treatment applicable to the employees of the outgoing concessionaire.

With specific reference to the Veneto Region, Regional Law no. 25/1998 regarding "*Discipline and organization of local public transport*" as subsequently amended aims to the "*development and improvement of the system of Regional and local public transport within its territory, promoting, with the participation of the Local authorities, interventions aimed at coordinating the modes of transport and the realization of a integrated mobility system and related infrastructure*" (see article 1, paragraph 1).

NEW CONSOLIDATED ACT ON COMPANIES IN WHICH PUBLIC ENTITIES HAVE A SHAREHOLDING (SO-CALLED "MADIA DECREE")

As at the date of this Prospectus, AIM is a public owned company. In particular it is fully owned by the Municipality of Vicenza.

With reference to the provisions regarding investees, subsidiaries and in-house units of local institutions, Italian Legislative Decree No. 175/2016 entered into force on 23 September 2016 and introduced a consolidated act regulating companies in which public entities have a shareholding (*Testo unico in materia di societa a partecipazione pubblica* - "**Madia Decree**"). The Madia Decree implements the Madia Reform.

According to Article 1, paragraph 5 thereof, the Madia Decree does not apply to "listed companies" (as defined under article 2, letter p)), save where expressly provided. Such definition of "listed companies" includes, among other things, also companies with public shareholders that have issued financial instruments listed on regulated markets, on or before 31 December 2015. In addition, Article 26, paragraph 5 of the Madia Decree provides that it shall not apply in the 12 months following the entry into force of the same to companies with public shareholders which, within 30 June 2016, have adopted acts which are aimed at issuing financial instruments (other than shares) to be listed on regulated markets. The aforesaid acts are communicated by the issuer to the Court of Auditors (*Corte dei Conti*) within 60 days form the entry into force of the Madia Decree. In case the listing procedure is concluded by the aforesaid term of 12 months, the Madia Decree continues not to apply to the relevant issuer.

The Madia Decree provides, *inter alia*, a consolidated regulation with reference to the incorporation of companies by public entities as well as the acquisition, the maintenance and the management of the stakes in companies which are, totally or partially, directly or indirectly, owned by public entities.

More in details, the Madia Decree provides a list of corporate purposes for which a company with public shareholders can be incorporated and maintained (which includes, among other things, also the realization and management of public works and/or the organization and management of general-interest services). Moreover, the Madia Decree provides, among other things, certain general principles on the organization and management of companies with public shareholders as well as specific rules, limitations and restrictions for the incorporation, acquisition, management and sale of such type of companies. The Madia Decree also contains provisions relating to corporate bodies, including their responsibility, remunerations and control.

In addition, specific rules are provided both for in-house companies and public-private companies (*società miste*).

By the ruling of the Constitutional Court No. 251/2016 some provisions of the Madia Reform were declared unconstitutional, requiring, also in light of the opinion expressed by the Council of State (Opinion No. 83/2017), that the Madia Decree be reviewed with "corrective decrees that directly intervene on the legislative decrees and imply the application of the provisions of the mandate". To this end, Legislative Decree No. 100/2017 dated 26 June 2017 amended the Madia Decree.

The Issuer believes that, having adopted deeds aimed at issuing the Notes before the abovementioned term of 30 June 2016, it is excluded from the application of the provisions under the Madia Decree according to article 26, paragraph 5.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €50,000,000 1.984% Senior Unsecured Amortising Fixed Rate Notes due 20 September 2024 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of A.I.M. Vicenza S.p.A. (the "**Issuer**") are issued subject to and with the benefit of a fiscal agency agreement dated 20 September 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Fiscal Agency Agreement**") made between the Issuer and BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**" which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Fiscal Agency Agreement. The holders of the Notes (the "**Noteholders**") the holders of the related instalment receipts (the "**Receipts**") appertaining to the Notes in definitive form (whether or not attached to the relevant Notes) (the "**Receiptholders**") and the holders of the related interest coupons (the "**Coupons**") appertaining to the Notes in definitive form (whether or not attached to the relevant Notes) (the "**Couponholders**") are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours by the Noteholders, Receiptholders and Couponholders at the Specified Offices (as defined in the Fiscal Agency Agreement) of each of the Paying Agents.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are in bearer form, serially numbered and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Receipts and Coupons attached on issue.

1.2 Title

Title to the Notes, the Receipts and the Coupons passes by delivery. The holder of any Note, Receipt or Coupon will (except as required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. STATUS

The Notes, the Receipts and the Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes, the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with its other outstanding unsecured and unsubordinated obligations from time to time.

3. NEGATIVE PLEDGE

So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and procures that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Indebtedness (as defined below) or (ii) any guarantee and/or indemnity in relation to any Indebtedness, without (a) at the same time or prior thereto securing the Notes, the Receipts and the Coupons equally and rateably therewith or (b) providing such other security for the Notes, the Receipts and the Coupons as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

4. DEFINITIONS

For the purposes of these Conditions:

"**Accounting Principles**" means the International Financial Reporting Standards, as adopted by the European Union, or accounting principles adopted by the Issuer from time to time;

"**Authorised Signatories**" and each an "**Authorised Signatory**" means any person who is a director (*amministratore*), the general manager (*direttore generale*) or any attorney to whom a special power of attorney has been granted by any of the foregoing persons.

"**Business Day**" means:

(i) for the purposes of Condition 8.3, any day on which the TARGET System is open; and

(ii) for any other purpose:

(a) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place; or

(b) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day.

"**Calculation Amount**" means €1,000.

"**Certification Date**" means a date falling not later than 45 calendar days after the approval by the Issuer's board of directors (or equivalent body) of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Relevant Period.

"**Concession**" means any agreement between a public entity (such as, *inter alios*, municipalities, provinces or regions and their relevant authorities governing the optimal territorial areas – *ambiti territoriali ottimali*) and the Issuer or any of its Subsidiaries by means of which such entity is entrusted with the management of local public services of economic relevance pursuant to Article 3-bis of Law Decree 13 August 2011, No. 138 as amended whose relevant tariffs are regulated by the competent authorities.

"**Compliance Certificate**" means a certificate of the Issuer duly signed by two Authorised Signatories, substantially in the form annexed to the Fiscal Agency Agreement:

(i) confirming as of the Certification Date that its audited IFRS consolidated financial statements in respect of the last Relevant Period give a true and fair view of the consolidated financial position of the Issuer and the Group as of the end of such Relevant Period and of the results of its operations during such period;

(ii) setting out the amount of the Consolidated Gross Financial Debt, Consolidated Net Financial Debt and Shareholders' Equity as of the Determination Date and the Issuer's Consolidated EBITDA and Finance Charges for the Relevant Period, and confirming as of the Certification Date that it is in compliance with the covenants contained in Condition 5.2 (*Financial Covenants*);

(iii) to the best of the Issuer's knowledge, having made all due enquiry, that there have been no Change of Control, Concession Event or Sale of Assets Event as of the date of the relevant Compliance Certificate; and

(iv) that, to the best of the Issuer's knowledge, having made all due enquiries, there have been no events, developments or circumstances that would reasonably be expected to materially affect its ability to certify such compliance on the basis of the Issuer's or (if applicable) the Group's financial condition as of the Certification Date and its results of operations since the Determination Date.

"**Consolidated EBITDA**" means, in respect of any Relevant Period, the relevant entity's consolidated profit for the year before income tax, finance expense, finance income and amortization, depreciation and impairment and provisions in respect of that Relevant Period, each as shown in, or determined by reference to, such entity's latest audited consolidated financial statements.

"**Consolidated EBITDA – Finance Charges Ratio**" means the ratio of (i) Consolidated EBITDA to (ii) Finance Charges for the Relevant Period.

"**Consolidated Gross Financial Debt**" means the sum of the following items:

(i) total liabilities for loans and borrowings; plus

(ii) other financial liabilities (including liabilities for leasing agreements, factoring agreements, bond issuances and any other financial instrument which is classified as debt); plus

(iii) liabilities under speculative derivative instruments,

in each case, without double counting, as shown in, or determined by reference to, the Issuer's latest audited annual consolidated financial statements.

"Consolidated Net Financial Debt" means the sum of the following items:

(i) total liabilities for loans and borrowings; plus

(ii) other financial liabilities (including liabilities for leasing agreements, factoring agreements, bond issuances and any other financial instrument which is classified as debt); plus

(iii) liabilities under speculative derivative instruments, less

(iv) available cash (*disponibilità finanziarie*) and cash equivalents (where "cash equivalents" means cash at banks and all assets that can be liquidated within three months); less

(v) other financial assets represented by Italian government bonds and bonds with an investment grade rating that can be liquidated within three months.

in each case, without double counting, as shown in, or determined by reference to, the Issuer's latest audited annual consolidated financial statements.

"**Consolidated Total Assets**" means, at any time, in respect of any Relevant Period, the total consolidated assets of the relevant entity as shown in, or determined by reference to, its latest annual audited consolidated financial statements.

"**Current Concessions**" means the Concessions listed in Annex 1 hereto.

"**Determination Date**" means 31 December in each year.

"**EBITDA**" means, in respect of any Relevant Period, the profit for the year of the relevant entity before income tax, finance expense, finance income and amortization, depreciation and impairment and provisions each as shown in, or determined by reference to, such entity's latest audited financial statements.

"**Euro**" or "**euro**" or "**€**" means the 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.

"**Event of Default**" has the meaning given to that term in Condition 12 (*Events of Default*).

"**Current Security Interest**" means the Security Interests listed in Annex 2 hereto.

"**Finance Charges**" means, at any time, in respect of any Relevant Period, the total consolidated finance charges actually incurred by the Issuer (including exchange rate losses any charges (if negative) in the fair value of derivatives), as shown in the Issuer's latest audited annual consolidated financial statements.

"**Future Concessions**" means any Concession that will be granted to the Issuer or any of its Subsidiaries after the Issue Date or any Concession of which the Issuer or any of its Subsidiaries will become the holder as a consequence of an Extraordinary Transaction or a Permitted Reorganisation.

"**Consolidated Gross Financial Debt – Consolidated EBITDA Ratio**" means the ratio of (i) Consolidated Gross Financial Debt as of the Determination Date to (ii) Consolidated EBITDA for the Relevant Period.

"**Group**" means the Issuer and its Subsidiaries from time to time (if any).

"**Indebtedness**" means (i) any indebtedness from time to time outstanding (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised including (without limitation) any indebtedness for or in respect of amounts borrowed or raised under any transaction (including, without limitation, any forward sale or purchase agreement) having substantially the commercial effect of a borrowing or otherwise classified as borrowings in accordance with applicable law or generally accepted accounting principles applicable from time to time; and (ii) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraph (i) above.

"**Interest Payment Date**" means 20 September in each year.

"**Interest Period**" means the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date up to the Maturity Date.

"**Italian Civil Code**" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer which in terms of EBITDA or Consolidated EBITDA (if such Subsidiary has its own consolidated Subsidiaries) accounts for 10

per cent. or more of the Issuer's Consolidated EBITDA or, in terms of Total Assets or Consolidated Total Assets (if such Subsidiary has its own consolidated Subsidiaries) 10 per cent. of the Issuer's Consolidated Total Assets and, for these purposes:

(i) the Issuer's Consolidated EBITDA and Consolidated Total Assets will be determined by reference to its then latest annual audited consolidated financial statements (the "**Relevant Consolidated Financial Statements**"); and

(ii) the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of each Subsidiary will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary, in each case upon which the Relevant Consolidated Financial Statements have been based, provided that: (a) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited); (b) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA or Consolidated EBITDA and Total Assets or Consolidated Total Assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (c) where a Subsidiary (the "**Intermediate Holding Company**") has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary.

"**Maturity Date**" means 20 September 2024.

"**Net Proceeds**" means the net proceeds of the issuance and offering of the Notes.

"**Consolidated Net Financial Debt-Shareholders' Equity Ratio**" means the ratio of (i) Consolidated Net Financial Debt to (ii) Shareholders' Equity, in each case as at the Determination Date.

"**No Default Certificate**" means the certificate to be delivered on each Certification Date and duly signed by two Authorised Signatories of the Issuer, certifying that no Event of Default has occurred during that Relevant Period and/or is continuing as of the date of the relevant certificate or (if an Event of Default is continuing) the steps, if any, being taken to remedy it.

"**Permitted Reorganisation**" means,

(i) in the case of any Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby, in one transaction or series of transactions, the assets and undertaking of such Subsidiary are (in whole or in part) transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or

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

(iii) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring whilst solvent or other similar arrangement on terms previously approved by an Extraordinary Resolution.

"**Permitted Security Interest**" means:

(i) any Current Security Interest;

(ii) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Subsidiary (not arising as a result of any default or omission by the Issuer or that Subsidiary); or

(iii) any Security Interest created by a Person which becomes a Subsidiary after the Issue Date, where such Security Interest already exists at the time that Person becomes a Subsidiary provided that (A) such Security Interest was not created in connection with or in contemplation of that Person becoming a Subsidiary, (B) the aggregate principal amount of Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest, in both cases either in connection with or in contemplation of that Person becoming a Subsidiary or at any time thereafter;

(iv) any Security Interest created by a Person and/or any of its Subsidiaries which, after the Issue Date, is/are, in one transaction or series of transactions falling within the scope of the definition of Permitted Reorganisation, merged, demerged, amalgamated, consolidated, or the subject of other similar transactions, with the Issuer and/or any of its Subsidiaries in a body corporate that is in good standing, validly organised and existing under the laws of the Republic of Italy (each such transaction, a "**Extraordinary Transaction**"), where such Security Interest already existed at the time when the relevant Extraordinary Transaction is completed provided that (A) the Security Interest was not created in connection with or in contemplation of the relevant Extraordinary Transaction and (B) in connection with or in contemplation of that Extraordinary Transaction the aggregate principal amount of Indebtedness secured by such Security Interest is not increased;

(v) any Security Interest (a "**New Security Interest**") created in substitution for any existing Security Interest permitted under paragraphs (i) and (ii) above (an "**Existing Security Interest**"), provided that (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the relevant Subsidiary or the Person merging with the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted; or

(vi) any Security Interest securing any Project Finance Indebtedness;

(vii) any assignments or discount *pro soluto* of receivables due from any region, municipality, province / *città metropolitana* or consortium incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000, as amended, or public sector companies;

(viii) any netting or set-off arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of its or their banking arrangements for the purpose of netting debit and credit balances;

(ix) any Security Interest which is created in connection with, or pursuant to, a securitisation, or like arrangement whereby (i) the payment obligations in respect of the instruments representing the Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including, without limitation, receivables) and (ii) the holders of such instruments have no recourse in relation to such Indebtedness against any assets of any member of the Group; or

(x) any Security Interest is created in order to participate in a tender for the awarding of the gas distribution service provided that the aggregate principal amount of Indebtedness secured by such Security Interest does not exceed an amount equal to Euro 75,000,000; or

(xi) any assignment by way of security and/or pledge granted in favour of the guarantors under the EIB Facilities Agreements to secure indemnities and reimbursement obligations assumed by the Issuer in favour of such parties in accordance with the EIB Facilities Agreements and the ancillary documentation.

For this purposes, "**EIB Facilities Agreements**" means, collectively, the Euro 30,000,000 and the Euro 15,000,000 facilities agreements entered into between the Issuer, as borrower, and the European investment bank, as lender, on 8 July 2014; or

(xii) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or any of its Subsidiaries in the ordinary course of business and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or that Subsidiary; or

(xiii) any Security Interest not falling within paragraphs (i) to (xii) above, provided that the aggregate principal amount of Indebtedness secured by such Security Interest does not exceed an amount equal to Euro 15,000,000.

"**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.

"**Project**" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in the company(ies) holding, directly and/or indirectly, such asset or assets and/or operating the relevant business.

"**Project Finance Indebtedness**" means any present or future Indebtedness assumed by a Person (the "**relevant debtor**") to finance or refinance, directly and/or indirectly, a Project, whereby (A) the claims of the creditors under such Indebtedness (the "**relevant creditors**") against the relevant debtor are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest given by the relevant debtor over the Project to secure such Indebtedness and/or (iii) other credit support (including, without limitation, completion guarantees and contingent equity obligations) customarily provided in support of such Indebtedness up to the date on which the Project become operational and (B) without prejudice to paragraph (A)(iii) above, the relevant creditors have no recourse whatsoever against any assets of any member of the Group other than the Project and such Security Interest.

"**Relevant Date**" means whichever is the later of (A) the date on which a payment first becomes due and (B) if the full amount payable has not been received in by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders and Couponholders in accordance with Condition 13 (*Notices*).

"**Relevant Jurisdiction**" means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject by reason of its tax residence or a permanent establishment maintained therein in respect of payments made by it of principal and interest on the Notes, the Receipts or the Coupons.

"**Relevant Period**" means a 12-month period ending on (and including) a Determination Date.

"**Security Interest**" means any mortgage, charge, pledge, lien, other encumbrance or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction.

"**Shareholders' Equity**" means the shareholders' equity of the Issuer (*patrimonio netto*), as shown in, or determined by reference to, the Issuer's latest audited consolidated annual financial statements, in each case less any dividends paid, declared, recommended or approved.

"**Subsidiary**" means, in respect of any Person at any particular time, any *società controllata*, as defined in Article 2359, paragraph 1, No. 1) and No. 2), of the Italian Civil Code.

"**Substantial Part"** means:

(i) in the case of Condition 12(e) (*Cessation of business*), Condition 12(f) paragraph (iii) (*Insolvency/Composition*) and Condition 12(g) (*Enforcement proceedings*), business, undertakings or assets, as the case may be, representing 25 per cent. or more of the Issuer's Consolidated EBITDA or Consolidated Total Assets,

(ii) in the case of paragraph (ii) and (vi) of Condition 12(f) (*Insolvency/Composition*), Indebtedness representing 25 per cent. or more by value of the whole,

in each case determined at any particular time by reference to the Issuer's then latest audited consolidated annual financial statements.

"**TARGET Settlement Day**" means any day on which the TARGET System is open for the settlement of payments in euro.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system.

"**Total Assets**" means, at any time, in respect of any Relevant Period, the total assets of a relevant entity as shown in, or determined by reference to, its then latest audited separate financial statements.

Save as the context otherwise provides, any reference in these Conditions to a provision of law, decree or regulation is a reference to that provision as amended or re-enacted.

5. COVENANTS

5.1 Information covenants

For so long as any Notes remain outstanding, the Issuer will:

(a) inform the Noteholders immediately by means of a notice given in accordance with Condition 13 (*Notices*) of the occurrence of any Event of Default;

(b) deliver the No Default Certificate to the Fiscal Agent on each Certification Date;

(c) no later than the Certification Date, deliver to the Fiscal Agent an electronic copy of the Issuer's annual IFRS consolidated financial statements translated into English. The Issuer shall ensure that each set of such annual IFRS consolidated financial statements is:

  (a) audited by independent auditors; and

  (b) accompanied by a Compliance Certificate.

So long as any of the Notes remains outstanding, the Issuer shall make such IFRS audited consolidated financial statements and the accompanying Compliance Certificate for the relevant Relevant Period available for inspection free of charge by any Noteholder on its website (www.aimgruppo.it), at its own registered office and at the Specified Office of the Fiscal Agent.

5.2 Financial Covenants

So long as any Note remains outstanding, the Issuer shall ensure that, as of each Determination Date:

(i) its Consolidated Gross Financial Debt – Consolidated EBITDA Ratio is no more than 5.0; and

(ii) its Consolidated EBITDA – Finance Charges Ratio is more than 4.0; and

(iii) its Consolidated Net Financial Debt-Shareholders' Equity Ratio is no more than 1.0 to 1.0.

The financial ratios set out in this Condition 5.2 shall be tested as of each Determination Date following approval by the Issuer's board of directors (or equivalent body) of the Issuer's annual consolidated financial statements, so that the financial ratios will be tested once in each financial year based on the previous Relevant Period, as calculated and evidenced by the Compliance Certificate in relation to such Relevant Period delivered pursuant to Condition 5.1 (c) above and for the first time in respect of the 12-month period ending on (and including) 31 December 2017.

5.3 Listing

The Issuer shall, for so long as any Notes remain outstanding, use all reasonable endeavours to maintain a listing of the Notes on the regulated market of the Irish Stock Exchange or another regulated market on a stock exchange in the European Economic Area provided, however, that, if it is impracticable or unduly burdensome to maintain such admission, the Issuer shall use all reasonable endeavours to procure and maintain admission to trading of the Notes on a major securities market which is either a regulated market or a multilateral trading platform for the purposes of the Markets in Financial Instruments Directive 2004/39/EC situated or operating in the European Economic Area.

5.4 Accounting policies

The Issuer shall ensure that each set of International Financial Reporting Standards consolidated financial statements delivered pursuant to Condition 5.1 is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Issuer unless, in relation to any such set of consolidated financial statements, the Issuer provides the Fiscal Agent, for inspection by the Noteholders, with: (i) a description of any material changes in accounting policies, practices and procedures; (ii) sufficient information to make an accurate comparison between such consolidated financial statements and the previous consolidated financial statements; and (iii) sufficient information to enable Noteholders to determine whether Condition 5.2 (*Financial Covenants*) has been complied with.

6. INTEREST

6.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their principal amount outstanding from and including the Issue Date at the rate of 1.984 per cent. per annum, payable annually in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). The first payment (representing a full year's interest) shall be made on 20 September 2018.

Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any Interest Period shall be equal to the product of 1.984 per cent. and the Calculation Amount.

6.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, it shall continue to bear interest at the rate specified in Condition 6.1 (both before and after judgment) until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note are received by or on behalf of the relevant Noteholder; and

(b) the day falling seven calendar days after the Fiscal Agent has notified the Noteholders of receipt of all sums due in respect all Notes up to that seventh calendar day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 13 (*Notices*).

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the actual number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by (b) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

7. PAYMENTS

7.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note, Receipt or Coupon will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Receipt or the appropriate Coupons (as the case may be) at the Specified Office of any Paying Agent by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System. Payments of principal or interest due in respect of any Note other than on presentation and surrender of matured Receipts or Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

7.2 Payments subject to applicable laws

All payments in respect of principal and interest on the Notes made in accordance with these Conditions shall be subject to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) where applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto ("**FATCA**").

7.3 Surrender of unmatured Receipts and Coupons

Each Note should be presented for redemption together with all unmatured Receipts and Coupons relating to it, failing which the amount of any such missing unmatured Receipts and/or Coupon (or, in

the case of payment not being made in full, that proportion of the amount of such missing unmatured Receipts and/or Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender (or, in the case of part payment only, endorsement) of the relevant missing Receipts and/or Coupon at any time before the expiry of ten years after the Relevant Date in respect of the relevant Note (whether or not the relevant Receipt or Coupon would otherwise have become void pursuant to Condition 10 (*Prescription*)) or, if later, five years after the date on which the relevant Receipt or Coupon would have become due, but not thereafter.

7.4 Payments on a Business Day

A Note, Receipt or Coupon may only be presented for payment on a day which is a Business Day in the place of presentation (and, in the case of transfer to a Euro account, in a city in which banks have access to the TARGET System). If the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Business Day, the holder shall not be entitled to payment of the amount due until the next succeeding Business Day and no further interest or other payment will be made as a consequence of the day on which the relevant Note, Receipt or Coupon may be presented for payment under this Condition 7 falling after the due date.

7.5 Paying Agents

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, appoint additional or other Paying Agents and appoint a successor fiscal agent, provided it will at all times maintain:

(a) a Fiscal Agent; and

(b) for so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Fiscal Agent) having its Specified Office in such place as may be required by applicable laws and regulations or the rules and regulations of the relevant stock exchange.

Notice of any change in the Paying Agents or their Specified Offices will promptly be given to the Noteholders in accordance with Condition 13 (*Notices*).

7.6 Partial Payments

If a Paying Agent makes a partial payment in respect of any Note, Receipt or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

8. REDEMPTION AND PURCHASE

8.1 Redemption by Amortisation and Final Redemption

Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer on each amortisation date specified in column A below (each an "**Amortisation Date**", with the final Amortisation Date being the Maturity Date) in an aggregate principal amount equal to the amount specified in column B below (each an "**Amortisation Amount**")**,** subject as provided in Condition 7 (*Payments*).

The principal aggregate amount outstanding of the Notes shall be reduced, *pro rata* with respect to each outstanding Note, by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the aggregate principal amount outstanding of the Notes following such reduction shall be as specified in column C below, unless, upon due presentation of the relevant Note or Receipt, the payment of the relevant Amortisation Amount is improperly withheld or refused or

unless default is otherwise made in respect of payment. In such latter events, Condition 6.2 (*Interest Accrual*) will apply. For the avoidance of doubt, any Amortisation Amount indicated in the table below shall be reduced *pro rata* by any amount of the Notes which is redeemed in accordance with Condition 8.3 (*Redemption at the Option of the Noteholders*).

Column A	Column B	Column C
Amortisation Date	**Amortisation Amount (Euro)**	**Aggregate Principal Amount Outstanding of the Notes thereafter (Euro)**
20 September 2018	7,142,855.00	42,857,145.00
20 September 2019	7,142,855.00	35,714,290.00
20 September 2020	7,142,855.00	28,571,435.00
20 September 2021	7,142,855.00	21,428,580.00
20 September 2022	7,142,855.00	14,285,725.00
20 September 2023	7,142,855.00	7,142,870.00
20 September 2024	7,142,870.00	-

In these Conditions, references to "principal" shall, unless the context requires otherwise, be deemed to include any Amortisation Amount, references to the "due date" for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date and references to the "principal amount outstanding" of a Note on any date shall be to its original principal amount less the aggregate of all principal payments made in respect of such Note in accordance with this Condition 8.1.

8.2 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 (*Taxation*); and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount outstanding together with interest accrued to but excluding the relevant date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent to make available at its Specified Office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating the Issuer is entitled to effect such

redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem as described in this Condition 8.2 have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

8.3 Redemption at the Option of the Noteholders

If a Put Event occurs, then the Noteholders shall have the option (a "**Put Option**") within 30 Business Days of a Put Event Notice (as defined below) being given to the Noteholders (the "**Exercise Period**") to give to the Issuer through a Paying Agent a Put Notice (as defined below) requiring the Issuer to redeem or purchase Notes held by such Noteholder on the Put Event Redemption Date (as defined below). The Issuer will, on such Put Event Redemption Date, redeem or repurchase at their principal amount outstanding, all, but not part only, of the Notes which are the subject of the Put Notice, together with interest accrued and unpaid to but excluding the Put Event Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 13 (*Notices*), which notice shall (i) refer specifically to this Condition 8.3, (ii) describe in reasonable detail the event or circumstances resulting in the Put Event, (iii) specify the Put Event Redemption Date and (iv) offer to redeem or purchase, on the Put Event Redemption Date, all Notes at their principal amount together with interest accrued thereon to the Put Event Redemption Date. For so long as the Notes are listed on the regulated market of the Irish Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Irish Stock Exchange promptly of any Put Event. The Issuer shall redeem or purchase on the Put Event Redemption Date all of the Notes held by Noteholders that require the redemption at the price specified above. If any Noteholder does not require early redemption during the Exercise Period, such Noteholder shall be deemed to have waived its rights under this Condition 8.3 to require early redemption of all Notes held by such Noteholder in respect of such Put Event but not in respect of any subsequent Put Event.

To exercise the Put Option provided in this Condition 8.3, the holder of the Notes must deliver at the Specified Office of any Paying Agent, on any Business Day during the Exercise Period, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the Specified Office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 8.3 accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. Upon delivery of a Put Notice and up to and including the Put Event Redemption Date, no transfer of title to the Notes for which the Put Option has been delivered will be allowed. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Put Event Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

"acting in concert" means actively cooperating in the implementation of an agreement or understanding (whether formal or informal);

"**Change of Control**" will occur if (i) any Person or a group of Persons acting in concert (in each case, other than the Municipality of Vicenza) gains control of the Issuer or (ii) the Municipality of Vicenza ceases to control the Issuer.

"**Concession Event**" shall be deemed to occur if the Consolidated EBITDA of the Issuer deriving from the Current Concessions and the Future Concessions represents less than 28% of the total Consolidated EBITDA of the Issuer for the Relevant Period as shown in, or determined by reference to, its latest audited annual consolidated financial statements.

"**Control**" means the power to direct the management and policies of a Person, whether through the ownership of voting rights, by contract or otherwise, pursuant to Article 2359 of the Italian Civil Code.

"Put Event" means the occurrence of (i) a Change of Control or (ii) a Concession Event or (iii) a Sale of Assets Event.

"**Put Event Redemption Date**" means the date specified in the Put Event Notice, being a date not less than 30 nor more than 60 calendar days after the expiry of the Exercise Period.

"**Sale of Assets Event**" shall be deemed to occur if at any time (i) the Issuer or any of its Material Subsidiaries is required by applicable law to sell, transfer, contribute, assign or otherwise dispose of assets represents more than 40% of the total Consolidated EBITDA of the Issuer for the Relevant Period as shown in, or determined by reference to, its latest audited annual consolidated financial statements, or (ii) if such assets are expropriated (*espropriati* pursuant to Italian law) on the basis of an order of a public authority having jurisdiction over the Issuer or the relevant Material Subsidiary.

8.4 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 8.1 to 8.3 above.

8.5 Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes in any manner and at any price in the open market or otherwise, *provided that* all unmatured Receipts and Coupons appertaining to the Notes are purchased with such Notes). Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 8.5 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

8.6 Cancellations

All Notes which are redeemed and any unmatured Receipts and Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. Any Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meeting of Noteholders. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.5 above and any unmatured Receipts and Coupons shall not be reissued or resold.

8.7 Final Notices

Upon the expiry of any notice as is referred in Conditions 8.2 and 8.3, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Conditions. If a notice of redemption is given by the Issuer pursuant to these Conditions and a Noteholder delivers a Put Notice pursuant to Condition 8.3, the first in time of such notices shall prevail.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders, the Receiptholders and Couponholders after such withholding or deduction shall equal the respective

amounts of principal and interest which would have been received in respect of the Notes, the Receipts or the Coupons in the absence of such withholding or deduction; except that no additional amounts shall be payable in respect of any Note, Receipt or Coupon:

(a) presented for payment by, or by a third party on behalf of, the holder who is liable to such Taxes in respect of such Note, Receipt or Coupon by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the Note, the Receipt or the Coupon; or

(b) presented for payment in the Relevant Jurisdiction; or

(c) presented for payment by or on behalf of a holder of Notes, Receipts or Coupons who would have been able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to, a declaration of residence or non-residence, but fails to do so; or

(d) requested more than 30 days after the Relevant Date except to the extent that a holder of such Note, Receipt or Coupon would have been entitled to such additional amounts on presenting such payment Note, Receipt or Coupon for payment on the last day of the period of 30 days; or

(e) in relation to any payment or deduction on principal, interest or other proceeds of any Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (the "**Decree No. 239**") or future similar law and any related implementing regulations (each as amended or supplemented from time to time); or

(f) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or

(g) where such withholding or deduction is required to be made pursuant to FATCA if the withholding is imposed under those rules as a result of the failure by any person other than the Issuer to establish that they are able to receive payments free of such withholding.

9.2 Additional Amounts

Any reference in these Conditions to any amounts of principal and interest in respect of the Notes, the Receipts and the Coupons shall be deemed also to refer to any additional amounts which may be payable under this Condition 9.

10. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date, subject to provisions of Condition 7 (*Payments*).

11. REPLACEMENT OF NOTES, RECEIPTS AND COUPONS

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Receipts or Coupons must be surrendered before replacements will be issued.

12. EVENTS OF DEFAULT

If any of the following events occurs:

(a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 5 Business Days in the case of principal or 7 Business Days in the case of interest; or

(b) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations or undertakings under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 calendar days following the service by any Noteholder, either to the Issuer or to the Specified Office of the Fiscal Agent, of written notice addressed to the Issuer requiring the same to be remedied; or

(c) *Cross-default*: if (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is declared (or is capable of being declared) to be due and repayable prior to its stated maturity by reason of any actual event of default (however described); or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or (iii) any Security Interest given by the Issuer or any of its Material Subsidiaries for any Indebtedness is (or becomes capable of being) enforced; provided that the aggregate amount of the Indebtedness, in respect of which one or more of the events mentioned in this Condition 12 (c) (*Cross-default*) have occurred individually or in the aggregate equals or exceeds Euro 10,000,000 (or its equivalent in any other currency); or

(d) *Winding up, etc.*: if an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries save for the purposes of (i) a solvent reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders, or (ii) or pursuant to a Permitted Reorganisation; or

(e) *Cessation of business*: if the Issuer or any of its Material Subsidiaries ceases or announces that is shall cease to carry on all or a Substantial Part of its business, otherwise than for the purposes of a Permitted Reorganisation, *provided that*, neither the occurrence of a Concession Event nor of a Sale of Assets Event shall give rise to an Event of Default under this Condition 12(e) (*Cessation of business*); or

(f) *Insolvency/Composition*: if the Issuer or any of its Material Subsidiaries :

(i) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due; or

(ii) stops or suspends (or threatens to stop or suspend) payment of, or admits in writing its inability to pay, all or a Substantial Part of its Indebtedness; or

(iii) becomes subject to any liquidation, insolvency, composition, reorganisation or other similar proceedings or application is made for the appointment of an administrative or other receiver, administrator, liquidator or other similar official or an administrative or other receiver, administrator, liquidator or other similar official is appointed in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a Substantial Part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a Substantial Part of the undertaking or assets of any of them; or

(iv) proposes or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors in respect of any of its Indebtedness, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a Substantial Part of (or of a particular type of) the Indebtedness of the Issuer or any of its Material Subsidiaries; or

(g) *Enforcement proceedings / Security Interests enforced*: if (i) a Security Interest created by the Issuer or any Material Subsidiary to secure Indebtedness in excess of Euro 10,000,000.00 (or its equivalent in other currencies) becomes enforceable and is enforced (including the taking of possession or the appointment of a receiver, manager or other similar Person) unless discharged or stayed within 60 or (ii) a distress, attachment, execution or other legal process is levied or enforced on or against all or a Substantial Part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 60 calendar days; or

(h) *Unsatisfied judgment*: if one or more judgment(s) or order(s) for the payment of any amount in excess of Euro 10,000,000.00 (or its equivalent in other currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries, becomes enforceable in a jurisdiction where the Issuer or any of its Material Subsidiaries are incorporated and continue(s) unsatisfied and unstayed for a period of 45 calendar days after the date(s) thereof or, if later, the date therein specified for payment; or

(i) *Unlawfulness*: if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any such obligations cease or will cease to be legal, valid, binding and enforceable; or

(j) *Analogous event*: if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (d) (*Winding up, etc.*) and in paragraphs from (f) (*Insolvency/Composition*) to (i) (*Unlawfulness*) of this Condition 12 (*Events of Default*);

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

13. NOTICES

Notices to Noteholders will be valid if published in a reputable leading English language daily newspaper published in London with an international circulation (which is expected to be the Financial Times) and (so long as the Notes are listed on a securities market of the Irish Stock Exchange and it is a requirement of applicable laws and regulations or the rules of the Irish Stock Exchange) a leading newspaper having general circulation in the Republic of Ireland or on the website of the Irish Stock Exchange (*www.ise.ie*) or, if such publication shall not be practicable, in an leading English language daily newspaper of general circulation in Europe (which is expected to be the Financial Times). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, the first date on which publication is made. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 13.

14. MEETING OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE; MODIFICATION

14.1 Meetings of Noteholders

Subject to compliance with mandatory provisions of Italian law applicable from time to time, the Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any

matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, Receipts or Coupons.

All meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time. The Issuer (through its board of directors (*consiglio di amministrazione*) or, as the case may be, its sole director (*amministratore unico*), and/or the Noteholders' Representative may convene a meeting of Noteholders at any time at their discretion and the Issuer and the Noteholders' Representative shall be obliged to do so upon request in writing of the Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding.

A meeting of Noteholders will be validly held (i) in case of initial meeting, if there are one or more voters present that hold or represent holders of at least 50 per cent. of the aggregate principal amount of the outstanding Notes, and (ii) in case of any adjourned meeting, if there are one or more voters present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; provided, however, that Italian law and/or the Issuer's by-laws (to the extent permitted under Italian law) may provide for different (including higher) quorums. The majority required to pass a resolution will be: (i) in case of initial meeting, one or more voters that hold or represent holders of more than one-half of the aggregate principal amount of the outstanding Notes, and (ii) in case of any adjourned meeting, one or more voters that hold or represent holders of more than two-third of the aggregate principal amount of the outstanding Notes represented at the meeting.

Certain proposals listed in the Fiscal Agency Agreement (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons) may only be sanctioned by a resolution passed at a meeting (including adjourned meetings as provided under Article 2415 of the Italian Civil Code) of Noteholders by one or more persons holding or representing not less than one half of the aggregate principal amount of the Notes for the time being outstanding.

Directors and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not participate or vote with reference to the Notes held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders and on all Receiptholders and Couponholders, whether or not they are present at the meeting or voted in favour or against the resolution.

14.2 Noteholders' Representative

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

14.3 Modification

The Notes, the Receipts, the Coupons and these Conditions may be amended without the consent of the Noteholders, the Receiptholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error and it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Fiscal Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply

with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

15. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), all figures resulting from such calculations will be rounded, if necessary, to the nearest euro cent (with half a euro cent being rounded upwards).

16. FURTHER ISSUES

The Issuer may, provided that the Noteholders provide their consent pursuant to an Extraordinary Resolution and in accordance with the Fiscal Agency Agreement, create and issue further notes having the same terms and conditions as those of the Notes in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The Fiscal Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Fiscal Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and construed in accordance with, English law. Condition 14 (*Meetings of Noteholders, Noteholders' Representative; Modification*) and the provisions of the Fiscal Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

18.2 Submission to Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Receipts or the Coupons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 18.2 is for the benefit of each of the Noteholders, Receiptholders and Couponholders and shall not limit the right of any of them, to the extent this is allowed by law, to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

18.3 Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, whose registered office is at 100 Wood Street, London EC2V 7EX, as its agent in England to receive service of process in any Proceedings in England based on any of the Notes, the Receipts or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment in accordance with Condition 13 (*Notices*). The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

ANNEX 1

List of Current Concessions

ACTIVITY	**CONCESSION**	**HOLDER**	**ORIGINAL MATURITY DATE**
Waste management	Municipality Council of Vicenza Resolution No. 57/1995	AIM Vicenza S.p.A.	2025
Electricity distribution	Decree of the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) dated 3 May 2001	Servizi a Rete S.r.l.	2030
Gas distribution (Municipality of Treviso)	Service agreement entered into with the Municipality of Treviso	AIM Vicenza S.p.A.	2017 *(In prorogatio regime Ex. Art. 14, paragraph 7, of Legislative Decree 164/2000*)
Gas distribution (Municipality of Vicenza and other Municipalities in the Province of Vicenza)	Service agreements entered into with the Municipality of Vicenza and certain other Municipalities in the Province of Vicenza	Servizi a Rete S.r.l.	2010 (*In prorogatio regime Ex. Art. 14 paragraph 7, of Legislative Decree 164/2000*)

ANNEX 2

List of Current Security Interest

1) Financing of the step-in in the management of the gas distribution service in the Municipality of Treviso for an outstanding amount of approximately Euro 10 million:
   (a) Irrevocable payment instructions on the bank account IBAN IT28 Q010 0511 8000 000 0420 000;
   (b) Pledge over the bank account mentioned under (a) above on which payment by the gas sellers is made;
   (c) Irrevocable payment instructions of any indemnity, if any, payable by the new concessionaire of the gas distribution in the Municipality of Treviso for an amount of Euro 10 million;

2) Mortgage loan for the purchase of the building located in San Biagio where is the registered office of AIM Vicenza S.p.A. and other areas for an outstanding amount of Euro 7 million. In particular the mortgage has been taken over the building for an amount of Euro 22 million as specified below:

   (i) foglio 4 di mappa, mappale 18 subalterno 4 in Contrada Ped. San Biagio n. 72;

   (ii) foglio 4 di mappa mappale 18 ente urbano di ettari uno are sessantuno e centiare ventisette;

   (iii) foglio 19 di mappa mappale 426 Semin Arbor classe 4 con superficie di ettari 3 are 50 centiare 72;

   (iv) *foglio 19 di mappa, mappale 323 Semin Arbor classe 3 superficie are 12 centiare 40*;

3) Financing made available to Blueoil S.r.l. for an amount of Euro 300,000:

   Pledge over the bank account IBAN IT42G0103011800000000052000 for an amount of Euro 160,000.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in NGN form. On 13 June 2006, the European Central Bank (the "**ECB**") announced that notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006, and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006, will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

Exchange for Permanent Global Note and Definitive Notes

(i) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than 40 days after the Issue Date (the "**Exchange Date**") upon certification as to non-U.S. beneficial ownership.

(ii) The Permanent Global Note is exchangeable in whole, but not in part, for Definitive Notes in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, only if (a) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (b) an Event of Default (as defined in Condition 12 (*Events of Default*)) occurs.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with the relevant Receipts and Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of such Permanent Global Note against the surrender of such Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of a Permanent Global Notes for Definitive Notes; or

(ii) a Permanent Global Notes (or any part of it) has become due and payable in accordance with the relevant terms and conditions or the date for final redemption of the relevant Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the relevant Permanent Global Notes on the due date for payment,

then such Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of such Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of such Permanent Global Note or others may have under a deed of covenant relating to the relevant Notes dated 20 September 2017 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in such Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

Payments

No payment will be made on the Temporary Global Note on or after the Exchange Date unless exchange for an interest in the Permanent Global Note is improperly withheld or refused, provided that, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on Business Days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**business day**" means any day on which the TARGET System is open.

Notices

Notices shall be given as provided in Condition 13 (*Notices*), save that so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 13 (*Notices*), provided, however, that so long as the Notes are admitted to trading on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, such notices will also be published in a leading newspaper having general circulation in the Republic of Ireland or be published on the website of the Irish Stock Exchange (*www.ise.ie*). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and Cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4 (*Definitions*)).

Redemption at the Option of the Noteholders

The Noteholders' option in Condition 8.3 (*Redemption at the Option of the Noteholders*) may be exercised by the holder of the Permanent Global Note giving notice to the Fiscal Agent in respect of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 8.3 (*Redemption at the Option of the Noteholders*).

Redemption for Taxation Reasons

The option of the Issuer provided for in Condition 8.2 (*Redemption for Taxation Reasons*) shall be exercised by the Issuer giving notice to the Noteholders and the relevant central securities depositories ("**ICSDs**") within the time limits set out in, and containing the information required by, the relevant Condition.

Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Fiscal Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is, for the time, being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 8.3 (*Redemption at the Option of the Noteholders*) and Condition 12 (*Events of Default*)) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (Eurosystem Eligible Collateral) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As of the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

Italian Taxation

The following is a summary of current Italian law and practice relating to the taxation of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

Prospective purchasers should be aware that tax treatment depends on the individual circumstances of each Noteholder: as a consequence they should consult their tax advisers as to the consequences under Italian tax law and under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary does not describe the tax consequences for an investor with respect to Notes that provide a pay-out linked to the profits of the Issuer, profits of another company of the group or profits of the business in relation to which they are issued.

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by

(a) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the European Economic Area Agreement included in the white list provided for by a decree to be issued pursuant to Article 11 (4) (c) of Decree No. 239, as amended by Article 10 of Legislative Decree No. 147 of 14 September 2015 (currently, reference is made to the list included in the Ministerial Decree of 4 September 1996 as amended and supplemented from time to time, the "**White List**"); or

(b) companies resident in Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance for trading on the aforementioned regulated markets or platforms ("*negoziati nei medesimi mercati regolamentati o sistemi unilaterali di negoziazione*"); or

(c) companies, whose shares are not listed, issuing notes that will not be traded on the aforementioned regulated markets or platforms, provided that these notes are held by "qualified investors" pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998.

For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime - see "*Capital Gains Tax*" below), (b) a non-commercial partnership, pursuant to Article 5 of the Italian Income Consolidated Code ("**TUIR**") (with the exception of a general partnership, a limited partnership and similar entities) (c) a non-commercial private or public institution, or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income (other than capital gains) ("**Interest**") relating to the Notes, accrued during the relevant holding period, are subject to a substitutive tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) to (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the substitutive tax, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the Finance Act 2017), as amended by Law Decree No. 50 of 24 April 2017, converted into Law No. 96 of 21 June 2017.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and is therefore subject to general Italian corporate taxation (IRES, generally levied at the rate of 24 per cent.) and, in certain circumstances, depending on the "status" of the Noteholder, also to regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.9 per cent., while banks or other financial institutions will be subject to IRAP at the special rate of 4.65 per cent.; in any case regions may vary the IRAP rate by up to 0.92 per cent.).

Italian OICRs (other than Real Estate OICRs)

If an investor is resident in Italy and is an undertaking for collective investment ("*organismo di investimento collettivo del risparmio*") ("**OICRs**"), other than real estate investment funds or closed-end investment companies (so-called SICAFs) investing in real estate properties ("**Real Estate OICRs**") and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva* but must be included in the management results of the fund accrued at the end of each tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the relevant units or shares.

Italian Real Estate OICRs

Payments of Interest on the Notes made to Italian Real Estate OICRs are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate OICR provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary.

However, a withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, or on the sale or the redemption of the relevant units or shares. Subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Pension funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to

imposta sostitutiva, but must be included in the results of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Enforcement of the "imposta sostitutiva"

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

An Intermediary, to be entitled to apply the *imposta sostitutiva*, must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder. If Interest on the Notes is not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident Noteholders listed above under (a) to (d) will be required to include Interest in their annual income tax return and subject them to a final substitute tax at a rate of 26 per cent.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an institutional investor that is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence; or, independently by the relevant country of tax residence, (c) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident investors must be the beneficial owners of the payments of interest, premium or other proceeds and (a) deposit, directly or indirectly, the Notes or the coupons with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree No. 239 an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or a non-Italian resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign central banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to Interest accrued during the holding period when the Noteholders are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

Capital Gains Tax

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. Under some conditions and limitations, Noteholders may set off losses with gains. In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on an annual cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being made timely in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

(c) Any capital gains realised or accrued by Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as amended by Law Decree No. 50 of 24 April 2017, converted into Law No. 96 of 21 June 2017.

Any gain realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged

in an entrepreneurial activity to which the Notes are connected from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes).

Any capital gains realised by a Noteholder which is an OICR, other than a Real Estate OICR, will be included in the results of the relevant portfolio accrued at the end of the tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the same units or shares.

Any capital gains realised by a Noteholder which is an Italian Real Estate OICR accrues to the tax year end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 26 per cent. on distributions made by Italian Real Estate OICRs, or upon the sale or the redemption of the units or shares. Subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are transferred on regulated markets.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not transferred on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above in order to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree No. 239.

If the above conditions above are not met, capital gains realised by non-Italian resident Noteholders from the disposal or redemption of Notes issued by an Italian resident issuer and not traded on a regulated market is subject to taxation in Italy according to the ordinary rules. However, Noteholders may be able to benefit from an applicable double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons (not acting in a business capacity) holding Notes deposited with an Intermediary, but non Italian resident Noteholders retain the right to waive its applicability.

Tax Monitoring Obligations

Individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of TUIR) resident in Italy for tax purposes are required to report in their annual income tax return, for tax monitoring purposes, the amount of securities and financial instruments held abroad during a tax year, from which income taxable in Italy may be derived. In relation to the Notes, such reporting obligation shall not apply if the Notes are not held abroad and, in any case, if the Notes are deposited with an Italian intermediary that intervenes in the collection of the relevant income and the intermediary applied withholding or substitute tax on income derived from the Notes.

Inheritance and gift taxes

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

(d) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;

(e) transfers in favour of relatives to the fourth degree or relatives-in-law of a direct lineage or after relatives-in-law of a collated lineage up to the third degree are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and

(f) any other transfer, in principle, is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

In case the beneficiary has a serious disability recognized by law, inheritance and gift taxes apply on its portion of the net asset value exceeding Euro 1.5 million.

Registration tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 200; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

A proportional stamp duty is generally applicable in Italy (subject to certain exclusions/exceptions) to periodical communications sent by Italian financial intermediaries to clients, relating to financial instruments deposited with them.

The proportional stamp duty does not apply, *inter alia*, to communications sent by Italian financial intermediaries to subjects not qualifying as clients, as defined by Provision of the Governor of Bank of Italy 20 June 2012. Moreover, the proportional stamp duty does not apply, *inter alia*, to communications sent to pension funds and health funds.

Where applicable, the proportional stamp duty shall apply at a rate of 0.2 per cent. per annum and for subjects other than individuals a maximum cap is provided equal to EUR 14,000 per annum. Periodical communications to clients are presumed to be sent at least once a year, even though the intermediary is not required to send communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client.

The proportional stamp duty is applied on the market value of the financial instruments or, in the lack, on the nominal or redemption value thereof, as resulting from the communication sent to clients and is applicable both to Italian and non-Italian resident investors, for financial instruments deposited with intermediaries in Italy.

Wealth Tax on securities deposited abroad

Italian resident individuals holding financial instruments abroad shall be generally subject to tax on the value thereof (the so-called "**Ivafe**"). Ivafe shall apply at a rate of 0.2 per cent. on the value of the financial instruments and is due in proportion to the percentage of ownership and the holding period. The value of financial instruments is generally equal to the market value at the end of each calendar year (or at the end of the holding period).A tax credit is generally allowed for any net worth tax paid abroad in relation to the financial instruments, in an amount not to exceed the Ivafe due.

Such tax is due only in cases where the stamp duty described in the previous paragraph (*Stamp duty*) is not due.

Details of financial instruments held abroad have to be inserted in the income tax return to be filed in Italy by the Italian resident individuals.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a withholding tax with respect to certain payments to any non-U.S. financial institution (a "**FFI**") that does not enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA.

According to the intergovernmental agreement ("**IGA Italy**") signed by the United States of America and the Republic of Italy on January 10, 2014 and implemented in Italy by Law No. 95 of June 18, 2015, a FFI is not generally subject to withholding under FATCA on any payments it receives. Further, a FFI is not required to withhold from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," regime, according to which, in certain cases, a 30% withholding tax is applied on the payments from sources within the United States).

Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The Proposed European Union Financial Transactions Tax

On 14 February 2013, the European Commission published its detailed proposal for a common financial transaction tax ("**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (the "**FTT Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The FTT would impose a charge at generally not less than 0.1 per cent. of the sale price on such transactions. However, the effective rate will be higher as each financial institution party is separately liable for the tax, so transactions between two financial parties will be taxed twice. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt, although there is some uncertainty as to the intended scope of this exemption.

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

Ministers of the FTT Member States (other than Slovenia) announced in a statement to the Economic and Financial Affairs Council on 6 May 2014 that there would be a progressive implementation of the FTT. That progressive implementation would first focus on the taxation of shares and "some" derivatives, with the first step being implemented on or before 1 January 2016. Certain aspects of the current proposal are controversial and, if the FTT is progressed, may be altered prior to any implementation. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law. Additional EU Member States may decide to participate. If the proposed directive (or similar tax) is adopted, transactions in the Notes would be subject to higher transaction costs, and the liquidity of the market for the Notes may diminish.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Managers have, in a subscription agreement dated 18 September 2017 (the "**Subscription Agreement**") and made between the Issuer and the Managers, upon the terms and subject to the conditions contained therein, agreed to subscribe and pay for the Notes at their issue price of 100 per cent. of their principal amount. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Managers 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 Managers 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, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Manager has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented that it will offer and sell the Notes (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts in respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (A) as part of their distribution at any time or (B) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used in above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

In addition:

(A) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Manager (1) has represented that it has not offered or sold, and has agreed that during the restricted period it will not offer or sell, the Notes to a person who is within the United States or its possessions or to a United States person, and (2) has represented that it has not delivered and agrees that it will not deliver within the United States or its possessions Definitive Notes that are sold during the restricted period;

(B) Each Manager has represented that it has and has agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(C) if it is a United States person, each Manager has represented that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and

(D) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, each Manager either (1) has repeated and confirmed the representations and agreements contained in paragraphs (A), (B) and (C) above on its behalf or (2) has agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (A), (B) and (C) above.

Terms used in paragraphs (A), (B) and (C) have the meaning given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations thereunder, including the D Rules.

Republic of Italy

The offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Act**"), as implemented by Article 34-*ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**CONSOB Regulation No. 11971**") and Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**CONSOB Regulation No. 16190**");

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and CONSOB Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws or regulation;

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, with regard, inter alia, to the reporting obligations required; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

United Kingdom

Each Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA and the regulations adopted thereunder with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The creation and issue of the Notes has been authorised by a resolution of the Extraordinary Shareholders meeting of the Issuer dated 4 August 2017 and registered at the Companies Register of Vicenza on 13 September 2017, as implemented by the decision (*determina*) of the Sole Director dated 14 September 2017, registered in the Companies' Register of Vicenza on 15 September 2017.

Listing and Admission to Trading

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

Expenses Related to Admission to Trading

The total expenses related to admission to trading on the Irish Stock Exchange's regulated market are estimated at €14,540 (including all fees payable to maturity).

Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer – Legal Proceedings*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The financial statements of the Issuer as of and for the years ended 31 December 2015 and 2016 have been prepared by management in accordance with Italian GAAP and have been audited by BDO Italia S.p.A.

BDO Italia S.p.A. with registered office at Viale Abruzzi n. 94, 20131, Milan, Italy, is registered under No. 167911 in the Register of Legal Auditors (*Registro dei Revisori Legali*) held by the Ministry of the Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39, as amended.

In addition, BDO Italia S.p.A. has issued a special purpose independent auditors' report with respect to the consolidated financial information of the Issuer as at and for the year ended 31 December 2016 prepared in accordance with IFRS (the "**2016 IFRS Report**"), which is shown at the end of the *Special Purpose Audited IFRS Consolidated Financial Statements* incorporated by reference in this Prospectus. The 2016 IFRS Report is incorporated by reference in this Prospectus, in the form and context in which it is incorporated by reference, at the request of the Issuer and with the consent of BDO Italia S.p.A. BDO Italia S.p.A. accepts responsibility for the 2016 IFRS Report and declares that, having taken all reasonable care to ensure that such is the case, the information contained in the 2016 IFRS Report, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

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 Issuer.

Documents on Display

For so long as any of the Notes are outstanding, copies of the following documents may be inspected in electronic format during normal business hours at the specified office of each Paying Agent:

(a) the by-laws of the Issuer;

(b) the Fiscal Agency Agreement;

(c) the Deed of Covenant;

(d) the audited consolidated Financial Statements for the years ended 31 December 2016 and 2015;

(e) the Special Purpose Audited IFRS Consolidated Financial Statements as at 31 December 2016; and

(f) the most recently published audited consolidated annual financial statements of the Issuer.

A copy of this Prospectus and of the documents incorporated by reference will also be electronically available for viewing on the website of the Irish Stock Exchange (*www.ise.ie*) and on the Issuer's website (www.aimgruppo.it).

Legend for any U.S. Person

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

Clearing Systems, ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

The International Securities Identification Number for the Notes is XS1683476268 and the Common Code is 168347626.

Yield

Based on the issue price of 100 per cent. of the principal amount of the Notes, the yield on the Notes is 1.984 per cent. on an annual basis. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Potential Conflicts of Interest

In the ordinary course of business, the Manager and their respective affiliates have engaged, and may in the future engage, in lending, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates and with companies involved directly or indirectly in the sectors in which the Issuer and its affiliates operate and/or competitors of the Issuer interested in carrying out transactions of a similar nature.

In addition, in the ordinary course of their business activities, the Managers and their respective 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) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates or any entity related to the Notes. The Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistently with their customary risk management policies.

Typically, the Managers and their respective 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 the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their respective 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.

Furthermore, the Managers and/or their respective affiliates has a significant lending relationship with the Issuer and certain subsidiary companies within the Group and has provided the Issuer with investment banking services in the last twelve months.

For the purpose of this paragraph, the word "affiliates" also includes parent companies.

Irish Listing Agent

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

Post-issuance information

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

REGISTERED OFFICE OF THE ISSUER

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Grand Duchy of Luxembourg

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CO-LEAD MANAGER

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