BASE PROSPECTUS DATED 19 SEPTEMBER 2017

Alperia S.p.A.

(incorporated in the Republic of Italy as a joint stock company)

€600,000,000 Euro Medium Term Note Programme

Under this €600,000,000 Euro Medium Term Note Programme (the "**Programme**"), Alperia S.p.A. (the "**Issuer**" or "**Alperia**" or the "**Company**", and together with its subsidiaries, the "**Alperia Group**" or the "**Group**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €600,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and/or together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" beginning on page 1.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Such approval relates only to 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 or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and trading on its regulated market. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes will be set out in the final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Irish Stock Exchange, will be filed with the Central Bank. Copies of Final Terms in relation to Notes to be listed on the Irish Stock Exchange will also be published on the website of the Irish Stock Exchange (www.ise.ie).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a Drawdown Prospectus (as defined below), if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer has been rated "BBB" (stable outlook) by Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Fitch is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under CRA Regulation will be disclosed in the relevant Final Terms. A security rating and an issuer's corporate rating are not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Co-Arrangers and Dealers

BNP PARIBAS **Goldman Sachs International** **Mediobanca**

The date of this Base Prospectus is 19 September 2017

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The only persons authorised to use this Base Prospectus in connection with any Tranche of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

In respect of information in this Base Prospectus that has been extracted from a third party source, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made by the Dealers and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Alperia Group (as defined below) and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgement and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*" below).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Republic of Italy) and Japan, see "*Subscription and Sale*".

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The language of the base 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.

PRESENTATION OF INFORMATION

Certain figures included in this Base 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.

FORWARD-LOOKING STATEMENTS

This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "future", "help", "intend", "may", "plan", "project", "shall", "should", "will", "would" or the negative or other variations thereof as well as other statements regarding matters that are

not historical fact. In addition, this Base Prospectus includes forward-looking statements relating to the Alperia Group's potential exposure to various types of market risks. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Alperia Group's business contained in this Base Prospectus consists, as the case may be, of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, on the Issuer's knowledge of its sales and markets and on the Issuer's internal data. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by this information. 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, neither the Issuer nor the Dealers have independently verified that 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 information in this Base Prospectus has been accurately reproduced and no facts have been omitted that would render the reproduced information inaccurate or misleading. However, information regarding the sectors and markets in which the Group operates, including those developed by the Issuer, may not be available for certain periods and, accordingly, such information may not be current as of the date of this Base Prospectus. All sources of such information have been identified where such information is used.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. 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 relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of

the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DRAWDOWN PROSPECTUS

The Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "Applicable Final Terms". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a Drawdown Prospectus) will be made available and will contain such information. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the Group and the relevant Notes. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

CERTAIN DEFINED TERMS

In this Base Prospectus, unless otherwise specified:

(i) references to "**billions**" are to thousands of millions;

(ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Base Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;

(iii) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

(iv) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union; and

(v) references to "**Italian GAAP**" are to laws governing the preparation of financial statements in Italy, as interpreted by, and integrated with, the accounting principles established by the Organismo di Contabilità.

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RISK FACTORS

The following factors may affect Alperia's ability to fulfil its obligations under the Notes. Some of these factors are contingencies which may or may not occur and Alperia is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below.

An investment in the Notes involves risks. The factors described below are the principal risks that Alperia considers to be material. However, there may be additional risks of which Alperia is not currently aware or that may not be considered significant risks by Alperia based on the information it currently has available or which it may not currently be able to anticipate. Any of these risks could also have a negative effect on Alperia's ability to fulfil its obligations under the Notes. In addition, if any of the following risks, or any other risks not currently known, actually occur, the trading price of the Notes could decline and Noteholders may lose all or part of their investment.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including any document incorporated by reference, and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes", "Description of the Issuer and the Alperia Group" and "Regulation" or elsewhere in this Base Prospectus have the same meaning in this section.

Prospective investors should read the entire Base Prospectus and any document incorporated by reference.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES.

Alperia Group is dependent on authorisations, concessions and licenses - Any loss of concession currently held by the Alperia Group may adversely affect the Alperia Group's business, results of operations and financial condition

Alperia Group mainly operates in the sectors of electricity (production, transmission, distribution and sale), heating (production, distribution and sale), renewable energy sources and gas (distribution and sale). The businesses of the Alperia Group include both fully regulated services managed under "licensed concessionary regimes" (*i.e*. electricity distribution, gas distribution, public utilities such as public lighting and hydroelectric power systems) (the "**Regulated Activities**") and businesses managed under "free competition" regimes (*i.e*. electricity production (with the exception of electricity production through hydroelectric plants which is dependent on concessions) and sale, gas sale and telecommunications) (the "**Liberalised Activities**"). In particular, the Alperia Group's Regulated Activities are dependent on concessions from provincial authorities (as in the case of electricity distribution, hydroelectric concessions and public lighting) and municipal authorities (as in the case of gas distribution, and district heating). Concessions relating to the electricity distribution held by Alperia Group will expire in 2030 whilst large hydroelectric concessions – which account for most of the revenues of the Alperia Group – will expire between 2017 and 2041. There is no assurance that any such concessions will be renewed after they expire. If such concessions are renewed, it may be on economic terms that are more burdensome for the Alperia Group and no assurances can be given that the Alperia 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 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, awarding process and *prorogatio* regime, 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 quality and quantity requirements). Each concession holder is subject to penalties or sanctions for the non-performance or default under the relevant concession. 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. However, 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 for any reason whatsoever (including without limitation in the case of a negative outcome in any of the legal proceedings referred to under "*Alperia and its subsidiaries are defendants in a number of legal proceedings and may from time to time be subject to legal proceedings*") and the failure of the Alperia Group's entities to enter into new concessions or renew existing concessions, 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 Alperia 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.

Alperia's ability to successfully execute its 2017-2021 Business Plan is not assured

On 20 March 2017, the Management and Supervisory Boards of Alperia approved the Business Plan which contains the strategic guidelines and growth objectives of the Alperia Group for the relevant period, as well as some forecasts with regards to the Alperia Group's expected results of operations. For further information, see also "*Description of the Issuer and Alperia Group – Strategy*" and "*Description of the Issuer and Alperia Group - Implementation of the Business Plan*" below.

The Business Plan and the projections contained therein are based on a series of critical assumptions. The Alperia Group may not succeed in implementing the Business Plan in full or part or within the envisaged time frames. In addition, in the event that one or more of the Business Plan's underlying assumptions proves incorrect (including, without limitation, the successful integration and combination of different management and strategies and the achievement of the expected synergies and efficiency among the companies of the Alperia Group, following the Merger and the execution of the Reorganisation Plan; see "*Description of the Issuer and the Alperia Group – History and development* of *the Alperia Group*" and "*Description of the Issuer and the Alperia Group – Corporate reorganisation of the Alperia Group*" below) or events evolve differently than as contemplated in the Business Plan (including because of events affecting the Alperia 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 Base Prospectus) could differ from actual events and results of operations. Any failure by the Alperia Group to execute the Business Plan succesfully could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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.

Risk related to the loss of assets of the Alperia Group

The investment agreement executed among the Alperia's shareholders, AEW and SEL on 21 February 2015 (the "**Investment Agreement**") provides, *inter alia*, for certain indemnity undertakings, binding on *Provincia Autonoma di Bolzano* ("**PAB**"), which are related to the occurrence of certain potential adverse events concerning

Alperia and its assets. For further information on the contents of the Investment Agreement, see also "*Description of the Issuer and the Alperia Group – Shareholders Structure – Shareholders' agreements*" below.

Should the overall indemnification amounts payable by PAB under the Investment Agreement exceed Euro 40,000,000, PAB, as an alternative option to the payment of such amounts, may request – not later than 30 business days from the date when such Euro 40,000,000 threshold is reached – the Municipalities of Bolzano and Merano, in their capacities as shareholders of Alperia (which as at the date hereof collectively hold 42% of the share capital of Alperia), to implement a non-proportional de-merger of Alperia. Should such non-proportional de-merger be implemented, the Municipalities of Bolzano and Merano will own the entire share capital of a new company owning the same assets owned by AEW (and its subsidiaries) before the execution of the Merger which, therefore, would cease to be part of the Alperia Group.

Furthermore, in the context of the reorganisation of the heating and other services business unit referred to under "*Description of the Issuer and the Alperia Group – Corporate reorganisation of the Alperia Group –Corporate reorganisation plan - Activities carried out in 2016*" below the Municipality of Sesto has been granted the right to purchase – to be exercised within 8 November 2017 – from Teleriscaldamento Sesto S.r.l. ("**TS**") the entire going concern of TS including assets, contracts, cash, debts and receivables relating to the management of the district heating network located in the Municipality of Sesto. The total assets of TS amount to Euro 10,300,000 as at 31 December 2016.

The occurrence of the non-proportional demerger of Alperia and/or the purchase by the Municipality of Sesto of the going concerns referred to above will reduce the assets of Alperia and may have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia Group and therefore may 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 operates in a highly regulated environment. The constant and sometimes unpredictable evolution in the legislative and regulatory context for the electricity and natural gas sectors poses a risk to the Alperia Group

The Alperia 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 Alperia Group. Indeed, sectorial regulation affects many aspects of the Alperia Group's business and, in many respects, determines the manner in which the Alperia 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 Alperia Group operates, see also the section entitled "*Regulation*" herein. Changes in applicable legislation and regulation, whether at a national or European level, and the manner in which they are interpreted, could negatively impact the Alperia 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, Alperia and the Alperia Group's operating companies, changes in tariffs charged by such companies for their services, changes in the determination of any indemnities or compensation payments due to the Alperia 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 or changes in regulation of cross-border transactions. 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 Alperia 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 Alperia Group is exposed to revision of tariffs in the gas and energy sectors

The Alperia Group' business in the gas and energy sectors 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 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.

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, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 Alperia Group faces market liberalisation and increasing competition in the markets in which it operates

The markets in which the Alperia 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 Alperia Group operates. It cannot be excluded that the process of liberalisation in the markets in which the Alperia Group operates might continue in the future and, therefore, the Alperia Group's ability to develop its businesses and improve its financial results may be constrained by such new competition. Competition in Italy is increasing particularly in the electricity business, in which Alperia competes with other producers and traders within Italy and from outside of Italy who sell electricity in the Italian market to industrial, commercial and residential clients. This could have an impact on the prices paid or received in Alperia's electricity production and trading activities. Moreover, the Alperia Group may be unable to offset the financial effects of decreases in production and sales of electricity through efficiency improvements, or expansion into new business areas or markets.

These developments could, over time, have a negative impact on the business prospects, revenues, results of operations and financial conditions of the Alperia 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.

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

The Alperia 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. In addition, weather changes can produce significant effects in the Alperia Group's production from certain renewable sources. In particular, the Alperia Group's electric power generation involves hydroelectric generation and photovoltaic and wind plants and, consequently, the Issuer is dependent upon hydrological conditions prevailing from time to time in the geographic area where the relevant hydroelectric generation facilities and photovoltaic and wind plants are located. Weather conditions (wind, sun, snow or rain, as the case may be) may negatively affect the Alperia Group's electricity generation business and, therefore, may materially adversely affect the Alperia Group's operations. Any material weather phenomena that negatively affects the Alperia Group's business could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 Alperia Group is exposed to operational risks through its ownership and management of power stations and distribution networks and plants

The main operational risks to which the Alperia Group is exposed are linked to its ownership and management of power stations and its distribution networks and plants. These power stations and other assets are exposed to risks of malfunctions and/or interruption in service that can cause significant damages to the assets themselves and, in more serious cases, production capacity may be compromised. These risks include events outside of the Alperia

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 damage or destruction of the Alperia Group's facilities and, in turn, result in economic losses, cost increases, or the necessity to revise the Alperia Group's investment plans. Additionally, service interruptions, malfunctions or casualties or other significant events could result in the Alperia Group being exposed to litigation, which in itself could generate obligations to pay damages. Although the Alperia 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 Alperia 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 Alperia Group is exposed to risks associated with fluctuations in the prices of certain commodities

In the ordinary course of business, the Alperia Group is exposed to commodity price risk, namely the market risk linked to fluctuations in the price of raw materials such as natural gas, palm oil and wood chips as well as the by-products of these raw materials and exchange rates associated with them. Notwithstanding the fact that Alperia 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 Alperia 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.

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

The Alperia Group incurs significant costs to keep its plants and businesses in compliance with the requirements imposed by various environmental laws and regulations such as Law No. 68/2015 which has introduced into Italian legislation a number of new criminal offences related to environmental liabilities (so called "*ecoreati*"). Such laws and regulations require the Alperia Group to adopt preventive or remedial measures and influence the Alperia Group's business decisions and strategy. Failure to comply with environmental requirements in the territories where the Alperia Group operates may lead to fines, litigation, loss of licences and temporary or permanent curtailment of operations. Any significant increase in the costs and expenses necessary to keep the plants in compliance with environmental laws and regulations, unless promptly recovered, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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.

Alperia 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

Alperia and certain companies of the Alperia Group are defendants in civil, criminal, tax and administrative proceedings as well as proceedings related to violation of Legislative Decree No. 231 of 8 June 2001, which are incidental to their business activities. For further information in this respect, see "*Description of the Issuer and the Alperia Group – Legal proceedings*" below. Alperia 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 their financial statements. Alperia and the Alperia Group may, from time to time, be subject to further litigation including, without limitation, litigation related to the award and/or maintenance of the concessions operated by the Alperia Group's companies, and to investigations by tax and other authorities. Alperia and the Alperia Group are not able to predict the ultimate outcome of any of the claims currently pending

against it, or against other companies of the Group (including, without limitation, the proceedings referred to under "*Description of the Issuer and Alperia Group – Legal Proceedings - 231* Litigation" below), or future claims or investigations that may be brought against it, which may be in excess of its existing provisions. In addition to potential financial sanctions, an adverse outcome in administrative proceedings in which the companies of the Alperia Group are involved, and/or may in the future be involved, could result in the revocation of the concessions currently held by them. In addition, it cannot be ruled out that Alperia and the Alperia 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 (including, without limitation, administrative proceedings related to the award and/or maintenance of concessions held by the companies of the Alperia Group described under "*Description of the Issuer and the Alperia Group – Legal proceedings – Administrative and criminal proceedings related to hydroelectric plants concessions*" below or any proceedings which may arise related to disputes with Alperia Group employees affected by the reorganisation) could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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.

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

Alperia 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. Therefore, the business, revenues, results of operations and financial condition of Alperia and the Alperia 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.

Risks related to the adverse financial and macroeconomic conditions within the Eurozone

From the second half of 2007 until the beginning of 2014, the turmoil in the global financial system caused increasingly difficult conditions in the financial markets. These conditions led to a reduction in liquidity and greater volatility in the global financial markets, and continue to impact the functioning of the financial markets and the global economy.

Some governments, international and supranational organisations and monetary authorities have recently adopted measures aimed at increasing the liquidity of the financial markets, in order to boost global gross domestic product (GDP) growth and mitigate the risk related to the levels of sovereign debt of certain European countries. However, it is difficult to predict what impact such measures will have on the global economy and financial system. It cannot be excluded that such measures, including any modifications thereof, may have a negative impact on the ability of the Issuer and the Alperia Group to access the capital markets, or to refinance its existing debt to meet their liquidity requirements.

The changes to the overall economy in the Alperia Group's principal markets could have a significant adverse effect on the Alperia Group's businesses and profitability

Electricity and gas consumption are strongly affected by the level of economic activity in a country. The environment in which the Alperia Group currently operates is marked by the recent crisis that affected the world's banking system and financial markets, and the consequent deterioration of macroeconomic conditions worldwide, including decreases in consumption and industrial production. On a countrywide level, for example, 2009 saw the first reduction in demand for electric power services since 1981. It is expected that for the near future, demand for

energy will be substantially below the level achieved before the economic crisis. In addition, the decrease in demand for energy has put pressure on sales margins due also to greater competition, particularly in the natural gas sector. If demands continue to be sluggish or if there is another reversal in demand without corresponding adjustments in the margins charged by Alperia on its sales or without increase in its market share, then Alperia's revenues (other than those arising from the gas distribution service, which based on the current tariff mechanism would not be affected by the foregoing) 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 Alperia Group and a consequent adverse impact on the market value of the Notes and Alperia's ability to fulfil its obligations under the Notes.

In addition, changes in retail electricity consumption could require the Alperia Group to acquire or sell additional electricity on unfavourable terms. Consumption may vary substantially according to factors outside of Alperia Group's control, such as overall economic activity and the weather. Sales volumes may differ from the supply volumes that the Alperia Group had expected to utilise from electricity purchase contracts. Differences between actual sales volumes and supply volumes may require the Alperia Group to purchase additional electricity or sell excess electricity, both of which are themselves subject to market conditions, which may change according to multiple factors, including weather, plant availability, transmission congestion and input fuel costs. The purchase of additional electricity at high prices or sale of excess electricity at low prices could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 Alperia Group is subject to liquidity risk

Liquidity risk is the risk that the Alperia Group, while solvent, may not be able to meet its payment commitments or otherwise it may be able to do so only on unfavourable conditions. This may materially and adversely affect the Alperia Group's results of operations and financial condition should the Alperia Group be obliged to incur extra costs to meet its financial commitments or, in extreme cases threaten the Alperia Group's future as a going concern and lead to insolvency. The Alperia Group's approach to liquidity risk management is to maintain an adequate level of liquidity for the Alperia Group to meet its payment commitments over a specific period without resorting to additional sources of financing and to have a prudential liquidity buffer sufficient to meet unexpected commitments. In addition, in order to ensure the ability to meet its medium-long-term payment commitments, the Alperia Group pursues a strategy aimed at diversifying the funding sources and balancing the due dates of its debt. However, these measures may not be sufficient to 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 Alperia 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.

Alperia has exposure to credit risk arising from its commercial activity

A central credit policy regulates the assessment of customers' and other financial 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. 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 Alperia 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.

Risks related to Alperia's rating.

As at the date hereof, the long-term credit rating assigned to Alperia is "BBB" (stable outlook) by Fitch. Alperia's future ability to access capital markets, other financing instruments and related costs may depend, inter alia, on the rating assigned to Alperia. Accordingly, a downgrade of Alperia's rating might limit its ability to access capital markets and/or result in increase in its costs of funding and/or refinancing of debt with a consequent adverse effect on the business, revenues, results of operations and financial condition of the Issuer and its Group. If it is the case, the foregoing may have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

Fitch is established in the European Union and is registered under the CRA Regulation. As such, Fitch is included in the list of credit ratings agencies published by the European Securities and Markets Authority ("ESMA") on its website available (www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Alperia is exposed to interest rate risk arising from its financial indebtedness

Alperia 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. The risk connected with the fluctuation of interest rates has been reduced by entering into hedging agreements. As at the date of this Base Prospectus, approximately 84% of the Alperia Group's borrowings were at a fixed rate. There can be no guarantee that the hedging policy adopted by Alperia and the Alperia 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 Alperia and the Alperia 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 Issuer is a holding company

The operations of the Alperia Group are, and may be, carried out by the Issuer primarily through its subsidiaries, as well as entities in which the Alperia Group has an interest but which it does not control, such as project companies and joint ventures, and therefore the Issuer depends on the earnings and cash flows of, and the distribution of funds from, these subsidiaries and entities to meet its debt 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 Group 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 Alperia 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 Issuer's leverage may have significant adverse financial and economic effects on the Issuer

On the basis of the 2016 Audited Consolidated Financial Statements which are incorporated by reference in this Base Prospectus (see "*Documents incorporated by reference*" below), as at 31 December 2016 the Alperia Group has Euro 525 million of net indebtedness. The Issuer's leverage could increase the Issuer's vulnerability to a downturn in its business or economic and industry conditions and have significant adverse consequences, including

but not limited to: (i) limiting the Issuer's ability to obtain additional financing to fund future working capital, capital expenditure, investment plans, strategic acquisitions, business opportunities and other corporate requirements; (ii) requiring the dedication of a substantial portion of the Issuer's cash flow from operations to the payment of principal of, and interest on, the Issuer's indebtedness, which would make such cash flow unavailable to fund the Issuer's operations, capital expenditure, investment plans, business opportunities and other corporate requirements; and (iii) limiting the Issuer's flexibility in planning for, or reacting to, changes in the Issuer's business, the competitive environment and the industry. Any of these or other consequences or events could have a material adverse effect on the Issuer's ability to satisfy its debt obligations, including its obligations under the Notes. The Issuer will need to incur additional indebtedness in the future in order, among other things, to enable it to refinance any Notes issued under the Programme and other financial indebtedness, and to finance future working capital, capital expenditure, investment plans, strategic acquisitions, business opportunities and other corporate requirements. Any such indebtedness could mature prior to and/or following the Notes or could be senior, if secured, to the Notes. The incurrence of additional indebtedness would also increase the aforementioned leverage-related risks. Should Alperia not be in a position to refinance from time to time its maturing financial indebtedness, an event of default would be triggered under the relevant indebtedness and the relevant lenders would be entitled to accelerate any such indebtedness. If this were to occur above the specified thresholds in the Conditions, the cross-default provisions under any Notes would also be triggered and the Issuer could be required to repay in full all or substantially all of its financial indebtedness, which would have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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.

Any failure to effectively manage the funding and indebtedness of Alperia and the Alperia Group could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 loan agreements entered into by companies belonging to the Alperia Group contain restrictive covenants

As of the date of this Base Prospectus, a significant portion of the Alperia Group's net borrowings including loan agreements providing for, in line with market practice, certain restrictive covenants, such as, *inter alia*, "*pari passu*" ranking clauses, "negative pledge" clauses, "change of control" clauses and provisions limiting extraordinary transactions and the incurrence of any additional indebtedness exceeding specified thresholds in such loan agreements (in this respect see also the following risk factor). Failure to comply with any of these clauses could, unless a prior waiver is obtained or amendment made, constitute a default thereunder and, if any, under the Notes. In addition, covenants such as the "negative pledge" and "change of control" clauses and covenants requiring the maintenance of particular financial ratios, may limit the Alperia Group's ability to acquire or dispose of assets or incur new financial indebtedness.

Should market conditions deteriorate or fail to improve, or the Issuer's operating results decrease in the future, the Issuer may have to request amendments or waivers to its covenants and restrictions. However, there can be no assurance that the Issuer will be able to obtain such relief. A breach of any of these covenants or restrictions could result in a default and acceleration that would, subject to certain thresholds, permit its creditors to declare all amounts borrowed to be due and payable, together with accrued and unpaid interest and the commitments of the relevant lenders to make further extensions of credit could be terminated. The Issuer's future ability to comply with financial covenants and other conditions, make scheduled payments of principal and interest, or refinance existing borrowings depends on future business performance that is subject to economic, financial, competitive and other factors.

The foregoing could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 Alperia 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 (in this respect see also "*Risks related to the adverse financial and macroeconomic conditions within the Eurozone*" above). 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 Alperia 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 Alperia 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.

Risks relating to changes in the original terms and conditions of long-term contracts

The initial circumstances or conditions under which Alperia may enter into a long-term contract may change over time and this, in turn, may result in adverse economic consequences. Such changes vary in nature and may or may not be readily foreseeable. The longer the term of the contracts, the more these constraints on the Issuer are exacerbated. Failure to react successfully, rapidly and appropriately to new situations by reflecting such changes in the original conditions of the long-term contracts could have a negative impact on the business prospects, revenues, results of operations and financial condition of the Alperia 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 Alperia Group

The Alperia Group's risk management system is designed to assist with the assessment, avoidance and reduction of risks which jeopardize its business. The Management Board of Alperia (i) in March 2016 Alperia approved a code of conduct for the business relationships (*i.e.* the Code of Ethics) and on 26 July 2016 approved the general part of an organizational, management and control model (the "**231 Model**") in accordance with Legislative Decree No. 231 of 8 June 2001 aimed at protecting Alperia from the possible reckless or criminal acts which may be committed by its executives or employees and appointed the Supervisory Body ("*Organismo di Vigilanza*"). However, Alperia has not yet approved the special part of the 231 Model.

The Alperia Group's operating risks primarily include production, distribution and trading risks. There are, however, inherent limitations on the effectiveness of any risk management system. These limitations include the possibility of human error and the circumvention or overriding of the system. Accordingly, any such system can provide only reasonable assurances, and not absolute assurances, of achieving the desired objectives. For example, risks include possible instances of manipulation (acceptance or giving of advantages, fraud, deception, corruption or other infringements of the law).

Despite the risk management systems that Alperia currently has in place and those it plans to put in place in the near future, 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 Alperia Group such as consultants and their employees can be entirely prevented. In addition, any failure by any Alperia 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 Alperia 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 ISSUED UNDER THE PROGRAMME

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 the light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, knowledge of and appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on his/her overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all the risks related to investing in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;

(v) consider all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; and

(vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic variables such as interest rates, as well as and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A number of Notes that may be issued under the Programme may have features which contain particular risks for potential investors. Set out below is a description of these most common features (but is not intended to be an exhaustive description):

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental

charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or certain other relevant jurisdictions or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Notes to which Condition 4(j)(*Change of Interest Basis*) applies may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on such Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Reform of LIBOR and EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

Key international reforms of "benchmarks" include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU's Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation will apply from 1 January 2018, except that the regime for 'critical' benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the Market Abuse Regulation) have applied from 3 July 2016. The Benchmarks Regulation would apply to "contributors", "administrators" and "users of" "benchmarks" in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

The Benchmarks Regulation could also have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

(i) an index which is a "benchmark" could not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed or otherwise impacted;

(ii) the methodology or other terms of the "benchmark" related to a series of Notes could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the "benchmark" or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other reforms (or proposals for reform) or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting (if listed) or other consequence in relation to Notes linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions allow defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, save that provisions convening meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Base Prospectus, and any such change could impact the value of any Notes thereby affected.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "**ICSDs**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive 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.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time 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 a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Conflicts of interest – Calculation Agent

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Delisting of the Notes

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "**listing**"), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or the Notes may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The 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 is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered

under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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 (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its 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.

Notes issued, if any, as "Green Bonds" may not be a suitable investment for all investors seeking exposure to green assets

In connection with the issue of "Green Bonds" under the Programme, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue a second-party opinion confirming that the Eligible Green Projects (as defined under "*Use of Proceeds*" below) have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association (ICMA) Green Bond Principles (GBP) and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability project (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Notes in the form of "Green Bonds". A Second-party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. In addition, although the Issuer may agree at the time of issue of any Green Bonds to certain reporting and use of proceeds (see "*Use of Proceeds"*) it would not be an event of default under the Notes if the Issuer were to fail to comply with such obligations. A withdrawal of the Second-party Opinion may affect the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

OVERVIEW OF THE PROGRAMME

The following overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event a Drawdown Prospectus (as defined above) will be published.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Alperia S.p.A.
Description:	Euro Medium Term Note Programme
Arrangers:	BNP Paribas, Goldman Sachs International and Mediobanca –Banca di Credito Finanziario S.p.A.
Dealers:	BNP Paribas, Goldman Sachs International, Mediobanca –Banca di Credito Finanziario S.p.A. and any other Dealers appointed in accordance with the Programme Agreement from time to time either in respect of one or more Tranches or in respect of the whole Programme.
Fiscal Agent:	BNP Paribas Securities Services, Luxembourg Branch
Programme Size:	The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €600,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Programme Agreement.
Method of Issue:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in series (each a **Series**) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. Each Tranche will be issued on the terms set out herein under the Conditions as completed by the applicable Final Terms.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*").
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to a minimum maturity of 12 months and one day,

unless a higher minimum maturity is prescribed by applicable law.

Issue Price: Notes may be issued at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be specified in the applicable Final Terms.

Form of Notes: The Notes will be issued in bearer form as described in "*Form of the Notes*". Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the applicable Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the applicable Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the applicable Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the applicable Final Terms, for Definitive Notes. If the TEFRA D Rules (as defined below) are specified in the applicable Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Clearing Systems Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the

	Issuer and the relevant Dealer for each Series of Floating Rate Notes.
Other provisions in relation to Floating Rate Notes:	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
Noteholders' Put Option	In addition to any put option indicated in the applicable Final Terms Notes will be redeemable prior to maturity at the option of the Noteholders in the event that a Relevant Event Put Event (as described below) occurs. See "Terms and Conditions of the Notes – Redemption and Purchase". A Relevant Event Put Event will be deemed to occur if any of (A) a Change of Control, (B) a Concession Event or (C) a Sale of Assets Event occurs (each as described below). A Change of Control shall be deemed to occur if more than 50% of the voting rights exercisable at a general meeting of the Issuer is acquired by any Person or Persons (other than Reference Shareholders) acting in concert. A Concession Event shall be deemed to occur if at any time one or more of the Concessions granted to the Issuer or to any of its Subsidiaries is terminated or revoked prior to the original stated termination date or otherwise expires at its original stated termination date(s) and has not been extended or renewed, and such Concessions that are terminated, revoked or expired (as the case may be) constitute, taken together, the whole or a substantial part of the Group's business (without counting for this purpose Concessions which have been the subject matter of a transaction referred to under paragraph (C) of the definition of Permitted Reorganisation), *provided that* the *prorogatio* regime to which a Concession may be subject between its expiry at the relevant stated termination date and the extension, renewal or new award of such Concession will not

	constitute a Concession Event. A Sale of Assets Event shall be deemed to occur if at any time (i) the Issuer or any of its Subsidiaries is required by applicable law to sell, transfer, contribute, assign or otherwise dispose of assets comprising the whole or a substantial part of the Group's business, 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 Subsidiary.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by applicable laws and regulations, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation)*, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9 (*Events of Default*).
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2 (*Status of the Notes*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding, save for certain obligations required to be preferred by applicable law.
Rating:	Notes may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing, approval and admission to trading:	The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive, as a "base prospectus" for purposes of the Prospectus Directive. Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Irish Stock Exchange and to be listed on the Official List of the Irish Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or

	further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 10 (*Meeting of Noteholders, Noteholders' Representative and Modifications*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including, without limitation, the United Kingdom and the Republic of Italy), Japan and such other restrictions as may be required or applied in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*", below.
United States Selling Restrictions:	Regulation S, Category 2. The Notes will be issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D Rules**") unless (i) the relevant Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C Rules**") or (ii) the Notes are issued other than in compliance with TEFRA D Rules or TEFRA C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The Issuer was incorporated as a limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy through a deed of incorporation dated 17 December 2014. With effect from 1 January 2016, Azienda Energetica S.p.A. – Etschwerke AG and Società Elettrica Altoatesina per azioni were merged into the Issuer pursuant to a merger deed, entered into on 21 December 2015 pursuant to Article 2504 of the Italian Civil Code. With effect from 1 January 2016, the Issuer, as surviving and incorporating company, has been transformed into a joint-stock company (*società per azioni*).

The audited financial statements of the Issuer as of and for the two years ended 31 December 2015 and 31 December 2014 incorporated by reference in this Base Prospectus in one single document have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**"). These audited financial statements are referred to in this Base Prospectus as the "**Issuer 2014/2015 Audited Financial Statements**".

Furthermore the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2016 (the "**2016 Audited Consolidated Financial Statements**") have been prepared in accordance with IFRS and are also incorporated by reference in this Base Prospectus.

ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus and the documents incorporated by reference hereto contain certain alternative performance measures ("**APMs**") which are different from IFRS financial measures adopted by the Issuer and set forth in the audited consolidated financial statements of the Issuer as at 31 December 2016. Such APMs are useful to present more efficiently the economic results of Alperia 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:

- **EBITDA** (or Gross Operating Income): is an alternative measure of operating performance, calculated as the sum of the "Net operating income" plus "Amortisation, depreciation and writedowns";
- **Net Financial Indebtedness**: is an indicator of the Issuer's financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits and securities other than equity investments).

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, investors should not place undue reliance on such APMs and should not not consider any APMs as an alternative to operating income or net income or any other performance measures under IFRS.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read in conjunction with the sections of the documents incorporated by reference as set out below. The following documents which have previously been published and have been filed with the Central Bank and the Irish Stock Exchange, shall be incorporated in, and form part of, this Base Prospectus:

The financial information of the Issuer derived from:

(a) the Issuer 2014/2015 Audited Financial Statements; and

(b) the 2016 Audited Consolidated Financial Statements,

together, the "**Alperia Financial Statements**", shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

In addition,

- the Issuer 2014/2015 Audited Financial Statements can be found on Alperia's website at http://www.alperia.eu/fileadmin/user_upload/alperia_s.p.a._2014-2015_audited_financial_statements.pdf; and
- the 2016 Audited Consolidated Financial Statements can be found on Alperia's website at http://www.alperia.eu/fileadmin/user_upload/pdf/jahresbilanz/alperia_ag__auditors__report_and_consolidated_fs_ifrs_31_dec_2016.pdf.

Any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference, by way of supplement prepared in accordance with Article 16 of the Prospectus Directive, modifies or supersedes such statement.

Cross-reference lists

The following information from the Alperia Financial Statements is incorporated by reference in this Base Prospectus, and the following cross-reference lists are provided to enable investors to indentify specific items of information so incorporated.

Issuer 2014/2015 Audited Financial Statements

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Any information contained in any of the documents specified above, including any documents incorporated by reference therein, which are not listed in the cross reference list are not incorporated by reference in this Base Prospectus and are not relevant to investors (pursuant to Article 28(4) of Regulation (EC) No. 809/2004 implementing the Prospectus Directive).

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus have been filed with the Irish Stock Exchange and may be inspected, free of charge, at the specified offices of the Principal Paying Agent and on the website of the Issuer (http://www.alperia.eu/).

Any websites referred to in this Base Prospectus are for information purposes only and do not form part of this Base Prospectus.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the applicable Final Terms, a permanent global note (a "**Permanent Global Note**") which, in either case, will:

(a) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"); and

(b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for, Euroclear Bank SA/NV (Euroclear) and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions

of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*)) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than one year and on all interest coupons and talons relating to such Notes:

"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."

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer or the Agent.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).

[DATE]

Alperia S.p.A.

(incorporated with limited liability in the Republic of Italy)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €600,000,000

Euro Medium Term Note Programme

PART A

CONTRACTUAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 19 September 2017 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**)). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.][1] Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of the Irish Stock Exchange at www.ise.ie and (free of charge) during normal business hours at the registered offices of the Issuer and the specified office of the Paying Agents.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[1] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is not required to be published.

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]][Not Applicable]
2.	Specified Currency or Currencies:		[ ]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(a)	Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent)* *(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].* *No Notes in definitive form will be issued with a denomination above [€199,000]."*)
	(b)	Calculation Amount:	[ ] *(If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]

		(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7.	Maturity Date:	[*Fixed rate – specify date/* *Floating rate* – Interest Payment Date falling in or nearest to [*specify month and year*]]
8.	Interest Basis:	[[ ]% Fixed Rate] [[•] month [LIBOR/EURIBOR] +/- [ ]% Floating Rate] [Zero Coupon] [(further particulars specified under "*PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE*" below)]
9.	Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [12/13] applies and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [12/13] applies]/[Not Applicable]
10.	Put/Call Options:	[Investor Put] [Relevant Event Put] [Issuer Call] [(further particulars specified under "*PROVISIONS RELATING TO REDEMPTION*" below)]
11.	[Date [competent corporate body] approval for issuance of Notes obtained:	[ ]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	Fixed Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate(s) of Interest:	[ ]% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date] *(N.B. This will need to be amended in the case of long or short coupons)*
	(c)	Fixed Coupon Amount(s): *(Applicable to Notes in definitive form.)*	[ ] per Calculation Amount

(d)	Broken Amount(s): *(Applicable to Notes in definitive form.)*	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f)	[Determination Date(s):	[ ] in each year *(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]*

13. Floating Rate Note Provisions — [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a)	Interest Period(s):	[ ]
(b)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(c)	Interest Period Date:	[ ]
(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(e)	Additional Business Centre(s):	[ ]
(f)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(h)	Screen Rate Determination:	
	• Reference Rate and Relevant Financial Centre:	Reference Rate: [ ] month [LIBOR/EURIBOR] Relevant Financial Centre: [London/Brussels]
	• Interest Determination Date(s):	[ ]

			(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
		• Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(i)	ISDA Determination:	
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
		• Reset Date:	[ ] *(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
	(j)	[Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Specified Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*
	(k)	Margin(s):	[+/-] [ ]% per annum
	(l)	Minimum Rate of Interest:	[ ]% per annum
	(m)	Maximum Rate of Interest:	[ ]% per annum
		Day Count Fraction:	[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] *(See Condition 4 (Interest) for alternatives)*
14.	Zero Coupon Note Provisions		[Applicable/Not Applicable]

			(If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Amortisation Yield:	[ ]% per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

15.	Notice periods for Condition 5(c) *(Redemption and Purchase – Redemption for Taxation Reasons):*		Minimum period: 30 days Maximum period: 60 days
16.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	If redeemable in part:	
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days *(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems(which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
17.	Optional Redemption Amount(s) of each Note:		[ ] per Calculation Amount
18.	Investor Put:		[ ] per Calculation Amount
	(a)	Optional Redemption Date(s):	[ ]

	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Minimum period: [_____] days Maximum period: [_____] days
19.	Relevant Event Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[ ] days following the expiration of the Relevant Event Put Period
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Relevant Event Put Period:	60 days
20.	Final Redemption Amount:		[ ] per Calculation Amount
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:		
	(a)	Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]] *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

	(b) [New Global Note:	[Yes][No]]
23.	Financial Centre(s):	[Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 13(c) relates)*
24.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Alperia S.p.A.:

By: ……..…….

Duly authorised

PART B

OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a) Listing and Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Irish Stock Exchange's regulated market and listing on the Official List of the Irish Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Irish Stock Exchange's regulated market and listing on the Official List of the Irish Stock Exchange with effect from [ ].] [Not Applicable.]
(b) Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [[have been][have not been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]]: *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)* Each of [*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

3. REASONS FOR THE OFFER – USE OF PROCEEDS

[The net proceeds of the issuance of Notes will be applied by the Issuer [for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness]/[to finance or refinance, in whole or in part, Eligible Green Projects], as set forth in "Use of Proceeds" in the Base Prospectus / Other]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future *engage*, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*]

5. YIELD (Fixed Rate Notes only)

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (FLOATING RATE NOTES ONLY)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].

7. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
(d)	Delivery:	Delivery [against/free of] payment
(e)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(f)	Deemed delivery of clearing system notices for the purposes of Condition 10 (*Meeting of Noteholders, Noteholders' Representative and Modifications*)*:*	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
(g)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [Yes: Note that the designation "yes" simply means that the Notes are intended upon issue to be 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 either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*] [No: Note that whilst the designation is specified as "no" at

the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "no" selected*]

8. DISTRIBUTION

(a)	Method of distribution	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of [Subscription] Agreement:	[ ]
(d)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(f)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2]; TEFRA D/TEFRA C/TEFRA not applicable]]

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes, as the case may be. References in the Conditions to ***"Notes"*** *are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to an Agency Agreement dated 19 September 2017 (as amended or supplemented as at the relevant Issue Date, the **"Agency Agreement"**) between the Issuer, BNP Securities Services, Luxembourg Branch as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant dated 19 September 2017 (as amended or supplemented as at the relevant Issue Date, the **"Deed of Covenant"**) executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **"Fiscal Agent"**, the **"Paying Agents"** (which expression shall include the Fiscal Agent) and the **"Calculation Agent(s)"**. The Noteholders (as defined below), the holders of the interest coupons (the **"Coupons"**) relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the **"Talons"**) (the **"Couponholders"**) and are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the **"Conditions"**), **"Tranche"** means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Title to the Notes and the Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, **"Noteholder"** means the bearer of any Note and, **"holder"** (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding, save for certain obligations required to be preferred by applicable law.

3 Negative Pledge

(a) **Negative Pledge:** So long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), other than a Permitted Encumbrance (as defined below), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Notes, the Coupons, and the Conditions are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by a Resolution (which is defined in the Agency Agreement) of the Noteholders.

4 Interest

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f)(*Calculations*).

(b) **Interest on Floating Rate Notes**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f)(*Calculations*). Such Interest Payment Date(s) is/are either shown in the applicable Final Terms as applicable Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Final Terms as being applicable, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms as being applicable is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day

Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms as being applicable.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), **"ISDA Rate"** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms,

(y) the Designated Maturity is a period specified in the applicable Final Terms, and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **"Floating Rate"**, **"Calculation Agent"**, **"Floating Rate Option"**, **"Designated Maturity"**, **"Reset Date"** and **"Swap Transaction"** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of

Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the applicable Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Applicable Maturity" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4(*Interest)* to the Relevant Date (as defined below).

(e) **Margin, Maximum/Minimum Rates of Interest**, **Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **"unit"** means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii) (*Business Day Convention)*, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 (*Interest*) but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

"Calculation Amount" means, in respect of a Series of Notes, an amount specified in the relevant Final Terms, which may be less than, or equal to, but not greater than, the Specified Denomination for such Series.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

(i) if **"Actual/Actual"** or **"Actual/Actual - ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if **"Actual/365 (Fixed)"** is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if **"Actual/365 (Sterling)"** is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if **"Actual/360"** is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

(vi) if **"30E/360"** or **"Eurobond Basis"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

(vii) if **"30E/360 (ISDA)"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

(viii) if **"Actual/Actual-ICMA"** is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"Determination Date" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

"Interest Accrual Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date

"Interest Amount" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon

"Reference Rate" means the rate specified as such hereon

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service)

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) **Change of Interest Basis:** If a Change of Interest Basis is specified hereon as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 4(a) (*Interest on Fixed Rate Notes*) or Condition 4(b) (*Interest on Floating Rate Notes*), each applicable only for the relevant periods specified in the applicable Final Terms.

5 Redemption and Purchase

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) (*Redemption for Taxation Reasons)*, Condition 5(d) (*Redemption at the Option of the Issuer*) or Condition 5(f) (*Redemption at the Option of the Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of*

Default) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the Option of the Issuer*) or Condition 5(e) (*Redemption at the Option of the Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c) (*Redemption for Taxation Reasons*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the Option of the Issuer*) or Condition 5(e) (*Redemption at the Option of the Noteholders*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition (7)(*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition (7)(*Taxation*) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

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

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 5(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that 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 have occurred, and 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 such change or amendment.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office, together with a duly completed option exercise notice (**"Exercise Notice"**) in the form obtainable from any Paying Agent, within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption at the Option of the Noteholders on the Occurrence of a Relevant Event Put Event:** If Relevant Event Put is specified hereon and a Relevant Event Put Event occurs, the holder of any such Note will have the option (a **"Relevant Event Put Option"**) (unless prior to the giving of the relevant Relevant Event Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 5(c) (*Redemption for Taxation Reasons*) or 5(d) (*Redemption at the Option of the Issuer*) above) to require the Issuer to redeem such Note on the Relevant Event Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Relevant Event Put Date.

A "**Relevant Event Put Event**" will be deemed to occur if any of (A) a Change of Control, (B) a Concession Event or (C) a Sale of Assets Event occurs (each as defined below).

Promptly upon the Issuer becoming aware that a Relevant Event Put Event has occurred the Issuer shall, give notice (a "**Relevant Event Put Event Notice**") to the Noteholders in accordance with

Condition 13 (*Notices*) specifying the nature of the Relevant Event Put Event and the procedure for exercising the Relevant Event Put Option.

To exercise the Relevant Event Put Option, the holder of a Note must deposit such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **"Relevant Event Put Period"**) of 50 days after a Relevant Event Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **"Relevant Event Put Notice"**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Relevant Event Put Period (the **"Relevant Event Put Date"**), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (*Replacement of Notes, Coupons and Talons*) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Relevant Event Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Relevant Event Put Notice to which payment is to be made, on the Relevant Event Put Date by transfer to that bank account and, in every other case, on or after the Relevant Event Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Relevant Event Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 5(f) (*Redemption at the Option of the Noteholders on the Occurrence of a Relevant Event Put Event*) shall be treated as if they were Notes.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Relevant Event Put Date unless previously redeemed (or purchased) and cancelled.

(g) **Purchases:** The Issuer and its Subsidiaries as defined in the Agency Agreement may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6 Payments and Talons

(a) **Method of Payment:** Payments of principal and interest in respect of Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 6(e)(v) (*Unmatured Coupons and unexchanged Talons* or Coupons) (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Payments in the United States:** Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) **Payments Subject to Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment and (ii) any withholding or deduction required purusant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (but without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) **Appointment of Agents:** The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in a jurisdiction within Europe other than the jurisdiction in which the Issuer is incorporated and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) **Unmatured Coupons and unexchanged Talons:**

(i) Upon the due date for redemption of Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8) (*Prescription*).

(ii) Upon the due date for redemption of any Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

(f) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8) (*Prescription*).

(g) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **"business day"** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as **"Financial Centres"** hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

7 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in Italy; or

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Relevant Jurisdiction (as defined below) other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same

for payment on such thirtieth day assuming that day to have been a payment day (in accordance with Condition 6(g) (*Non-Business Day)*); or

(d) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

(e) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(f) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of imposta sostitutiva pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

8 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined below) in respect of them.

9 Events of Default

If any of the following events (**"Events of Default"**) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

(a) *Non payment*: if default is made in the payment of (i) any principal due in respect of the Notes or any of them and the default continues for a period of 7 (seven) days; or (ii) interest due in respect of the Notes or any of them and the default continues for a period of 14 (fourteen) days; or

(b) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under these Conditions and the failure continues for a period of 30 days; or

(c) *Cross default*: if (i) any Indebtedness for Borrowed Money (other than Project Finance Indebtedness) of the Issuer or any of its Subsidiaries either (A) becomes due and repayable prematurely by reason of an event of default (however described) or (B) becomes capable of being declared due and repayable prematurely (as extended by any originally applicable grace period) by reason of an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money (other than Project Finance Indebtedness) on the due date for payment (as extended by any originally applicable grace period); or (iii) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it

in relation to any Indebtedness for Borrowed Money (other than Project Finance Indebtedness) of any other person on the due date for payment (as extended by any originally applicable grace period); ***provided that*** no event described in this subparagraph 9 (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money (other than Project Finance Indebtedness) or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts (if any) of Indebtedness for Borrowed Money (other than Project Finance Indebtedness) and/or other liabilities due and unpaid relative to all other events specified in (i) to (iv) above, amounts to at least €15 million (or its equivalent in any other currency); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of €15 million (or its equivalent in any other currency or currencies), other with respect to any Project Finance Indebtedness, is rendered against the Issuer or any of its Subsidiaries, becomes enforceable and continue(s) unsatisfied after the expiry of the period prescribed for such payment; or

(e) *Security enforced*: any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money (other than Project Finance Indebtedness) in excess of €15 million (or its equivalent in any other currency) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(f) *Winding up, etc.*: if any order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Issuer or any of its Subsidiaries, save for the purposes of (i) a Permitted Reorganisation (as defined below) or (ii) a reorganisation on terms approved by a Resolution of the Noteholders; or

(g) *Cessation of business*: the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of the business conducted by the Issuer or the Group taken as a whole, save for the purposes of (A) a Permitted Reorganisation (as defined below), or (B) a reorganisation on terms previously approved by a Resolution of the Noteholders (and 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 9(f) (*Cessation of business*));

(h) *Insolvency*: if (i) the Issuer or any of its Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts, other than those related to Project Finance Indebtedness) as they fall due (as extended by any originally applicable grace period) or is deemed unable to pay its debts as they fall due (as extended by any originally applicable grace period) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; (ii) proceedings are initiated against the Issuer or any of its Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Subsidiaries or, as the case may be, in relation to the whole or any material part of the undertaking or assets of the Group or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Group, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any material part of the undertaking or assets of the Group, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 60 days; and (iii) if the Issuer or any of its Subsidiaries (or their respective directors or shareholders) initiates judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any

composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) in relation to any Indebtedness for Borrowed Money (other than Project Finance Indebtedness), save for the purposes of reorganisation on terms previously approved by a Resolution of Noteholders; 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

(j) *Analogous event*: if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have an analogous effect to any of the events referred to in subparagraphs (f) and (h) above.

10 Meeting of Noteholders, Noteholders' Representative and Modifications

(a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter relating to the Notes and affecting their interests, including, without limitation, the modification or abrogation by Resolution (as defined in the Agency Agreement) of any provisions of these Conditions.

In relation to the convening of meetings, quorums and the majorities required to pass a Resolution (as defined in the Agency Agreement), the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy (including, without limitation, Legislative Decree No. 58 of 24 February 1998 as amended) and the By-laws of the Issuer in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the By-laws of the Issuer are amended at any time while the Notes remain outstanding.

Italian law currently provides that any such meeting may be convened by the competent corporate bodies of the Issuer (currently being the *Consiglio di Gestione*) and/or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes of any Series for the time being outstanding. If the Issuer or the Noteholders' Representative defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes of any Series for the time being outstanding, the competent supervisory body (currently being the *Consiglio di Sorveglianza*) shall do so or, if they so default, the same may be convened by decision of the competent court upon request by such Noteholders in accordance with Article 2367, paragraph 2, of the Italian Civil Code. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the By-laws of the Issuer in force from time to time.

Such a meeting will be validly held (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) if (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes, and (b) in the case of a second meeting, or any subsequent meeting following adjournment for want of quorum, there are one or more persons present being or representing Noteholders holding 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 may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum.

The majority required to pass a Resolution (as defined in the Agency Agreement) will be (a) in case of a first meeting, at least one half of the aggregate principal amount of the outstanding Notes and (b) in case of a second meeting, or any subsequent meeting following an adjournment for want of quorum

one or more persons holding or representing Notehodlers holding at least two thirds of the aggregate principal amount of the Notes represented at the meeting; provided, however, that (A) certain proposals, as set out in Article 2415, paragraph 1, item (2) of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) (each, a **"Reserved Matter"**) may only be sanctioned by a Resolution (as defined in the Agency Agreement) passed at a meeting of Noteholders (including any adjourned meeting) by the higher of (i) one or more persons holding or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing Noteholders holding at least two thirds of the aggregate principal amount of the Notes represented at the meeting and (B) the Issuer's By-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. A Resolution (as defined in the Agency Agreement) passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they have voted on such Resolution, and on all Couponholders.

(b) **Noteholders' Representative**: A representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to any Resolution (as defined in the Agency Agreement) passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years, but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) **Modification:** The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or if the amendment is of a formal, minor or technical nature. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall only permit, without the consent of the Noteholders, any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11 Replacement of Notes, Coupons and Talons

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Agent or such other Paying Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as those of a relevant Series of Notes (so that, for the avoidance of

doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the relevant Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

13 Notices

Notices to the holders of Notes shall be valid if published, so long as the Notes are listed on the Irish Stock Exchange, on the Irish Stock Exchange's website, www.ise.ie.

Notices will also be published by the Issuer (i) on its website and, (ii) to the extent required under mandatory provisions of Italian law and/or its By-laws, through other appropriate public announcements and/or regulatory filings.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

14 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

15 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.

16 Governing Law and Jurisdiction

(a) **Governing Law:** The Notes, the Coupons, the Talons and the Agency Agreement, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that the provisions of Conditions 10 (*Meeting of Noteholders, Noteholders' Representative and Modifications*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

(b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings

have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them 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).

(c) **Service of Process:** The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13 (*Notices*). Nothing shall affect the right to serve process in any manner permitted by law.

17 Defined terms and expressions

In these Conditions, unless the context otherwise requires, the following defined terms and expressions shall have the meanings set out below:

"acting in concert" means a group of Persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, either directly or indirectly, through the acquisition or holding of shares in the Issuer by any of them, to obtain or strengthen their control over the Issuer.

"**a material part**" means a part of the relevant Person's undertakings or assets which accounts for 10% or more of the Group's Consolidated Assets and/or Consolidated Revenues.

"**a substantial part**" means a part of the relevant Person's business which accounts for 20% or more of the Group's Consolidated Assets and/or Consolidated Revenues.

"**Change of Control**" shall be deemed to occur if more than 50% of the voting rights exercisable at a general meeting of the Issuer is acquired by any Person or Persons (other than Reference Shareholders or a Public Entity acting in concert with any Reference Shareholder(s)) acting in concert.

"Concession" means a concession, an authorisation or other statutory provision or an administrative instrument, whether or not documented in a contract, or similar arrangements, pursuant to which an entity is entrusted by one or more public national or local authorities or entities (such as, *inter alios*, ministries, provinces or municipalities) with the management of public services (*servizi pubblici* pursuant to Italian law) and/or public utility services/activities (*servizi di pubblica utilità/opera di pubblica utilità* pursuant to Italian law) including, without limitation, (i) waste management services (such as, *inter alia*, waste collection and treatment and municipal cleaning), (ii) integrated water services, (iii) gas distribution and supply (including, *inter alia*, the provision of district heating and heat management), (iv) electricity generation and co-generation (including, *inter alia*, distribution), and (v) the construction (if any), management and operation of related plants and similar facilities and services.

"**Concession Event**" shall be deemed to occur if at any time one or more of the Concessions granted to the Issuer or to any of its Subsidiaries is terminated or revoked prior to the original stated termination date or otherwise expires at its original stated termination date(s) and has not been extended or renewed, and such Concessions that are terminated, revoked or expired (as the case may be) constitute, taken together, the whole or a substantial part of the Group's business, *provided that* the *prorogatio* regime to which a Concession may be subject between its expiry at the relevant stated termination date and the extension, renewal or new award of such Concession will not constitute a Concession Event.

"**Consolidated Assets**" means, with respect to any date, the consolidated total assets of the Issuer, as reported in the most recently published audited consolidated financial statements of the Issuer.

"**Consolidated Revenues**" means, with respect to any date, the consolidated total revenues of the Group, as reported in the most recently published audited consolidated financial statements of the Issuer.

"**control**" means, for the purposes of the definition of Public Entity:

(i) in respect of a person which is a company or a corporation:

(a) the acquisition and/or holding of more than 50 per cent. of the share capital of such person; or

(b) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(x) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such person; or

(y) appoint or remove all or a majority of the members of its board of directors (or other equivalent body) of such person; or

(c) the ability to exercise dominant influence over such person or a company controlling such person, whether by reason of voting rights at a shareholders' or equivalent meeting or by virtue of contractual relationships; or

(ii) in respect of any other person (other than a company or a corporation), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting rights, by contract or otherwise,

and the expressions "**controlled**" and "**controlled by**" shall be construed accordingly;

"**€**" and "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

"**Fitch**" means Fitch Italia S.p.A. and any of its Affiliates or successors carrying on the business of assigning credit ratings to persons in Italy.

"**Group**" means the Issuer and its Subsidiaries.

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

"**Investment Grade Rating**" means any credit rating assigned by a Rating Agency which is, or is equivalent to, any of the following categories:

(i) with respect to Standard & Poor's and Fitch, from and including AAA to and including BBB-;

(ii) with respect to Moody's, from and including Aaa to and including Baa3,

or, in each case, any equivalent successor categories.

"**Merger**" means the merger by way of incorporation of Azienda Energetica S.p.A. – Etschwerke AG and Società Elettrica Altoatesina per azioni into O.9 S.r.l. (currently, Alperia).

"**Moody's**" means Moody's Italia S.r.l. and any of its Affiliates or successors carrying on the business of assigning credit ratings to persons in Italy;

"**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.

"**Permitted Encumbrance**" means:

(A) any lien arising out by operation of law;

(B) any Security Interest in existence on the relevant Issue Date, provided that the principal amount secured by the Security Interest is not subsequently increased;

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

(D) any Security Interest created by a company which becomes a Subsidiary after the relevant Issue Date and where such Security Interest already existed at the time that company became a Subsidiary (provided that such Security Interest was not created in contemplation of that company becoming a Subsidiary, and the aggregate principal amount secured at the time of that company becoming a Subsidiary is not subsequently increased;

(E) any Security Interest created in substitution of any security permitted under paragraphs (A) to (D) above, provided that the principal amount secured by the substitute Security Interest does not exceed the principal amount secured by the initial Security Interest.

"**Permitted Reorganisation**" means any reorganisation carried out, without any consent of the Noteholders being required in respect thereof where the relevant reorganization relates to entities which are solvent at the time of such reorganisation, as provided below:

(A) in the case of a Subsidiary, through any Relevant Transaction whereby, in any one transaction or series of transactions, all or substantially all of its assets and undertaking are transferred, sold, contributed, assigned to or vested in the Issuer or any other member of the Group or otherwise remain in such Subsidiary; or

(B) in the case of the Issuer, through any Relevant Transaction whereby, in any one transaction or series of transactions, all or substantially all of its assets and undertaking are transferred, sold, contributed, assigned to, vested or otherwise remain in a body corporate in good standing (which, for the avoidance of doubt, may include any Subsidiary) and the following conditions are met:

  (a) such body corporate or a Subsidiary of such body corporate continues to carry on all or substantially all of the business of the Issuer;

  (b) either (1) such body corporate assumes the obligations of the Issuer as principal debtor in respect of the Notes by operation of law or by entering into a deed poll or (2) such body corporate irrevocably and unconditionally guarantees the Issuer's payment obligations under the Notes by entering into a deed poll;

  (c) such body corporate enters into a supplemental agency agreement and such other documents (if any) as are necessary to give effect to the substitution of such body corporate for the Issuer or, as the case may be, the giving of the guarantee by such body corporate (all such documents, together with the deed poll, the "**Relevant Documents**");

  (d) such body corporate obtains opinions from legal advisers of recognised international standing as to matters of English law and the law of the jurisdiction of such body corporate, in each case in a form consistent with the standards of Eurobond transactions, confirming that (1) the Relevant Documents represent legal, valid, binding and enforceable obligations of such body corporate and (2) all actions, conditions and things required to be taken, fulfilled and done to ensure that such is the case (including any necessary approvals, consents, filings and/or registrations) have been taken, fulfilled

and done, and such opinions are made available to Noteholders at the Specified Office of the Fiscal Agent; and

(e) upon completion of such transaction, no Permitted Reorganisation Rating Event occurs or has occurred,

and, following satisfaction of the above conditions: (1) where such body corporate assumes the obligations of the Issuer under the Notes, all references to the "Issuer" in these Conditions shall be read as references to such body corporate whilst Alperia shall be released and discharged from all of its obligations under the Notes, the Agency Agreement and the Deed of Covenant; and (2) where such body corporate guarantees the Issuer's obligations under the Notes all references in these Conditions to the "Issuer" shall, unless the context requires otherwise, be read as references to the Issuer and/or such body corporate; or

(C) the disposal of Biopower Sardegna S.r.l., provided that (i) it is carried out on arm's length terms at fair market value; (ii) following the date of this Base Prospectus, no asset has been be transferred to Biopower Sardegna S.r.l. by Alperia and/or its Subsidiaries nor Biopower Sardegna S.r.l. has been involved in any extraordinary transaction aimed at increasing its existing assets; and (iii) compliance of such condition has been certified by two directors of Alperia; or

(D) the disposal of the equity stake held by Alperia or Alperia Greenpower S.r.l. (as the case may be) in WPP UNO S.p.A., PVB Power Bulgaria, Ottana Solar Power S.p.A., Selsolar Monte San Giusto S.r.l. and Selsolar Rimini S.r.l. (each, a "Relevant Company") provided that (i) each of such disposals is carried out on arm's length terms at fair market value; (ii) following the date of this Base Prospectus, no asset has been be transferred to any Relevant Company by Alperia and/or its Subsidiaries nor any of the Relevant Companies has been involved in any extraordinary transaction aimed at increasing their existing assets; and (iii) compliance of such condition has been certified by two directors of Alperia.

a "**Permitted Reorganisation Rating Event**" will be deemed to have occurred following the earlier of (i) a particular event and (ii) a public announcement thereof (the "**Initial Event**") if, at the time of the occurrence of the Initial Event:

(i) the Notes carry from any Rating Agency an Investment Grade Rating and such rating from any Rating Agency is within 180 days of the occurrence of the Initial Event either downgraded below an Investment Grade Rating or withdrawn and is not within such 180-day period subsequently (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency or (in the case of a withdrawal) replaced by an Investment Grade Rating from any other Rating Agency; or

(ii) the Notes carry from any Rating Agency a rating that is not an Investment Grade Rating and such rating from any Rating Agency is within 180 days of the occurrence of the Initial Event either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and is not within such 180-day period subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency or (in the case of a withdrawal) replaced by its earlier credit rating or better from any other Rating Agency; or

(iii) the Notes do not carry a credit rating and, within 90 days of the occurrence of the Initial Event no Rating Agency assigns an Investment Grade Rating to the Notes.

and in making the relevant decision(s) referred to under (i) or (ii) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer and/or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Initial Event.

"**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, including, for the avoidance of doubt, any Concessions and the equity participations in a company holding such assets or assets.

"**Project Finance Indebtedness**" means any present or future, secured or unsecured, Indebtedness for Borrowed Money incurred to finance or refinance a Project, whereby (A) the claims of the relevant creditor(s) against the relevant borrower are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Project Finance Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest taken over the Project to secure the Project Finance Indebtedness and (B) the relevant creditor has no recourse whatsoever against any assets of any member of the Group other than the Project and the Security Interest taken over the Project (including, without limitation, over the shares/quota of the company which carry out the Project) to secure the Project Finance Indebtedness. For the avoidance of doubt, the definition of Project Finance Indebtedness shall include also any bridge financing incurred in connection with a Project.

"**Public Entity**" means any person directly or indirectly controlled by the Republic of Italy;

"**Rating Agency**" means each of Moody's, Standard & Poors and Fitch;

"**Reference Shareholder**" means any Italian municipality, province, region and/or consortium, or any consortium or company directly or indirectly controlled by Italian municipalities, provinces, regions and/or consortiums; for the purposes of this definition, **consortium** means a consortium incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000, as amended.

"**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

"**Relevant Indebtedness**" means (1) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the counter or other securities market, and (2) any guarantee or indemnity in respect of any indebtedness referred to under (1) above.

"**Relevant Jurisdiction**" means 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 in respect of payments made by it of principal and interest on the Notes and Coupons.

"**Relevant Transaction**" means (i) a "*fusione*" or "*scissione*" or any other, amalgamation, reorganisation, merger, consolidation, demerger (whether in whole or in part) or other similar arrangement; (ii) a contribution in kind, conveyance, sale, assignment, transfer, lease of, or any kind of disposal of assets or going concern; (iii) a purchase or exchange of assets or going concern, whether or not effected through a capital increase subscribed and paid up by means of a contribution in kind; and/or (iv) a lease of assets or going concern.

"**Sale of Assets Event**" shall be deemed to occur if at any time (i) the Issuer or any of its Subsidiaries is required by applicable law and/or mandatory order by a competent authority to sell, transfer, contribute, assign or otherwise dispose of assets comprising the whole or a substantial part of the Group's business, 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 Subsidiary.

"**Standard & Poors**" means Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited and includes any successor to its rating business;

"**Subsidiary**" means, in respect of any Person (the first Person) at any particular time, any other Person (the second Person):

(A) whose majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person; or

(B) in which the first Person holds a sufficient number of votes giving the first Person a dominant influence in ordinary shareholders' meetings of the second Person,

pursuant to the provisions of Article 2359, paragraph 1, No. 1 and 2, and paragraph 2 of the Italian Civil Code.

"**Treaty**" means the treaty on the functioning of the European Union, as amended.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer, as indicated in the applicable Final Terms, either:

(a) for its general corporate purposes, which include making a profit and/or refinancing existing indebtedness of the Issuer and/or of its subsidiaries; or

(b) to finance or refinance, in whole or in part, Eligible Green Projects (as defined below).

Only Tranches of Notes financing or refinancing projects falling within the broad categorisation of eligibility for green projects set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), and matching the Relevant Eligibility Requirements and the other criteria specified in the Alperia Green Bond Framework dated 15 September 2017 (the "**Alperia Green Bond Framework**") will be denominated "Green Bonds".

In case of project divestment, an amount equal to the net proceeds of the "Green Bonds" will be used to finance or refinance other Eligible Green Projects.

For the purpose of this section:

"**Eligible Green Projects**" means

(1) the purchase, construction, installation, development, refurbishment and/or revamping by the Issuer. or any of its subsidiaries of, as the case may be, existing or new hydroelectric, photovoltaic, solar, biomass power plants for the production of renewable energy which comply with the Relevant Eligibility Requirements; and

(2) improving, extending, and modernisation, and works to improve the energy efficiency of the electricity transmission and distribution network managed by the Issuer (directly and/or through its subsidiaries) as well as of assets critical and/or related to the transmission and distribution of renewable electrical energy / electricity.

"**Relevant Eligibility Requirements**" includes the requirements / characteristics set forth for each project category in the table below:

Hydroelectric power plants	**Photovoltaic / solar power plants**	**Biomass power plants**
Located in the territory of the Republic of Italy	Located in the territory of the Republic of Italy	Located in the territory of the Republic of Italy
Temperate (non tropical) climate	"large scale" photovoltaic plants with installed power > 500kW	Certified sustainable fuel sources (vegetable oil or wood chips)
"small scale" plants with power densities (power output / m2 of reservoir area) ≤10W/m2	"large scale" solar plants with installed power > 500kW	Fossil fuel supplementation <15%
"large scale" plants with power densities (power output / m2 of reservoir area) >10W/m2		

Upon the issue of Notes in relation to which the use of proceeds is specified in the applicable Final Terms as being to finance or refinance, in whole or in part, Eligible Green Projects, a Second-party Opinion and/or analogous comfort will be issued by DNV GL Business Assurance Italia S.r.l. to attest that the relevant Eligible Green Projects to be financed or refinanced with the net proceeds of the Notes meet the the Relevant Eligibility Requirements and the other criteria specified in the Alperia Green Bond Framework available on the website of the Issuer (http://www.alperia.eu) and that it is aligned with the stated definition of GBP, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

The Second-party Opinion and the list of Eligible Green Projects financed or refinanced with the net proceeds of the relevant Notes will be made available upon issue at the premises of the Issuer and on the website of the Issuer (http://www.alperia.eu).

After issuance, pending application of the net proceeds toward refinancing of existing, or financing of, new Eligible Green Projects, the Issuer will hold such amounts into a sub-account, and thereafter disbursed in accordance with the relevant debt obligations. The details of the disbursement and the outstanding value will be tracked using Alperia's internal financial reporting system.

For so long as Notes qualifiying as "Green Bonds" are outstanding, a dedicated appendix will be included each year in the annual sustainability report of the Issuer (the "**Sustainability Report**"), which will continue to be verified by an independent third party. In particular, the Sustainability Report will include the list of Eligible Green Projects refinanced with the net proceeds of the Notes and information on key performance indicators (KPIs) related to such Eligible Green Projects and an update and on the compliance of the net proceeds' allocation described above.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper 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 either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the TEFRA C Rules or in a transaction to which TEFRA is not applicable (as to which, see *"Subscription and Sale"*), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System 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 permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice

requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes and permanent Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the TEFRA D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(g) (*Non-Business Days*).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

4.3 Meetings

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 (*Events of Default*) by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 19 September 2017 to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that

so long as the Notes are listed on the Irish Stock Exchange's regulated market and the rules of that exchange so require, notices shall also be published either on the website of the Irish Stock Exchange (*www.ise.ie*).

DESCRIPTION OF THE ISSUER AND THE ALPERIA GROUP

THE ISSUER

Alperia S.p.A. ("**Alperia**" or the "**Issuer**") is a joint stock company limited by shares (*società per azioni*) incorporated under Italian law. Its registered office and principal place of business is at via Dodiciville 8, 39100 Bolzano (Italy), and it is registered with the Companies' Register of Bolzano under No. 02858310218, Fiscal Code and VAT No. 02858310218. Alperia may be contacted by telephone on +39 0471 986 111, by fax on +39 0471 987 100 and by e-mail at alperia@pec.alperia.eu.

Alperia is the company resulting from the merger by way of incorporation of Azienda Energetica S.p.A. – Etschwerke AG ("**AEW**") and Società Elettrica Altoatesina per azioni ("**SEL**") into O.9 S.r.l. ("**O.9**"), which took effect as of 1 January 2016 (the "**Merger**"). Concurrently with such merger by way of incorporation, O.9 was transformed into a joint-stock company (*società per azioni*) under the name of Alperia S.p.A. For further information in respect of AEW, SEL, the merger and O.9 (now named Alperia) as surviving and incorporating company, see " – *History and development of the Alperia Group*" below.

Pursuant to its by-laws, Alperia's term of incorporation is until 31 December 2050, subject to extension by way of a shareholders' resolution.

The corporate objects of Alperia, as provided by its by-laws, include, *inter alia*: (i) the production, export, import, distribution, sale and purchase of electricity and the planning, construction and project management of related systems and networks; (ii) the export, import, transport, distribution, sale and purchase of gas and the planning, construction and project management of related systems and networks; (iii) the planning, construction and management of systems using renewable energy sources and alike; (iv) the production, distribution, sale and purchase of heating energy; (v) the planning, construction, project management and management of energy production systems and district heating networks for civil and industrial uses; (vi) the supply of energy contracting services, heat management services, smart grids integrated services as well as energy services; (vii) assistance in the climate protection and energy-saving sectors; (viii) the planning, construction, project management and management of telecommunication systems and networks; (ix) the supply, also through its subsidiaries, of engineering services and the carrying out of the activities set out under article 46, paragraph 1, letter c) of the Legislative Decree of 18 April 2016, No. 50.

As at the date of this Base Prospectus, Alperia has a share capital of Euro 750,000,000 divided into 750,000,000 shares having a nominal value of Euro 1.00 each. For further information on voting and administrative rights attached to Alperia's shares see "*Shareholders' structure - Rights attached to Alperia's shares*" below.

Alperia is the parent company of the group consisting of Alperia and its consolidated subsidiaries (collectively, the "**Alperia Group**") (see also "*History and development of the Alperia Group*", below). The Alperia Group provides integrated multi-utility services mainly in the Alto Adige Province (in the North - East of Italy). In particular, the Alperia Group operates in the following sectors: electricity (production, transport, distribution and sale), heating (production, distribution and sale), gas (transport, distribution and sale), renewable energy sources and engineering. The Alperia Group also provides other public utility services which include telecommunications, public lighting and facility management. For further information, see "*Business of the Alperia Group*".

On the basis of the 2016 Annual Audited Consolidated Financial Statements, which are incorporated by reference in this Base Prospectus (see "*Documents incorporated by reference*"), the Issuer's consolidated revenues and other operating income were Euro 1,224,079 thousand with a net financial position of Euro 525,067 thousand as at 31 December 2016.

HISTORY OF THE ALPERIA GROUP

The Merger

The Merger was approved on 13 May 2015 by the shareholders' meetings of SEL, AEW and O.9. The Merger deed, entered into on 21 December 2015 pursuant to Article 2504 of the Italian Civil Code – notarised by Walter Crepaz, Notary in Bolzano, *repertorio* No. 37653, *raccolta* No. 21420 – provided for, *inter alia*, (i) the merger by way of incorporation of AEW and SEL into O.9, and (ii) the increase of the corporate capital of O.9 (now named Alperia) up to the amount of Euro 750,000,000.00. On the same date, the shareholders' meetings of O.9 resolved, with effect from 1 January 2016, upon: (i) the transformation of O.9 into a joint-stock company (*società per azioni*) under the name of Alperia S.p.A. and (ii) the adoption of a two-tier system of corporate governance (*modello dualistico*) pursuant to article 2409-*octies* et seq. of the Italian Civil Code.

The Merger was approved by all the shareholders of AEW and SEL, respectively, the Municipalities of Bolzano and Merano and the *Provincia Autonoma di Bolzano* ("**PAB**") and SELFIN S.r.l. with the aim of creating a multi-utilities group with sufficient critical mass to compete successfully in the increasingly deregulated Italian utilities sector, able to develop industrial synergies, post-Merger cost rationalisation and become a hub for further expansion in the domestic market.

On the date the Merger took effect (*i.e*. 1 January 2016), the ordinary shares of AEW and SEL were cancelled and the corporate capital of O.9 – equal to Euro 750,000,000.00 – was allocated as follows: (i) Municipality of Bolzano: a stake of Euro 157,500,000.00 representing 21% of the corporate capital and of the relevant voting rights; (ii) Municipality of Merano: a stake of Euro 157,500,000.00 representing 21% of the corporate capital and of the relevant voting rights; (iii) PAB: a stake of Euro 408,380,656.00 representing 54.45% of the corporate capital and of the relevant voting rights and (iv) SELFIN S.r.l., a holding company wholly owned by Muncipalities and *Comunità Comprensoriali* located in Alto Adige Province: a stake of Euro 26,619,344.00 representing 3.55% of the corporate capital and of the relevant voting rights.

Italian Antitrust Authority's Merger Control Clearance Decision

The Italian Antitrust Authority ("**IAA**") cleared the Merger pursuant to decision No. 25550 of 15 July 2015 (the "**IAA Merger Clearance Control Decision**") subject to a number of conditions, including, *inter alia*, the divestment of (i) a going concern of Selgas S.r.l. ("**Selgas**", the company of the SEL Group active in the sale of natural gas) and (ii) the shares directly and indirectly held in Selgasnet.

On 3 October 2016, the IAA confirmed that Alperia duly complied with the conditions imposed in the merger control clearance decision.

According to the IAA's merger control clearance decision, for a 10-year period following the closing of the divestments mentioned above, Alperia and its controlling shareholders are prohibited from acquiring (either directly or indirectly) *de jure* or *de facto* (i) the control of the company acquiring the going concern of Selgas, and/or (ii) any share in Selgasnet or any current assets therein.

For further information on the effects of the transactions described in this paragraph see also the 2016 Audited Consolidated Financial Statements incorporated by reference in this Base Prospectus.

History of the Issuer

O.9 (now named Alperia, the Issuer under the Programme) was incorporated as a limited liability company (*società a responsabilità limitata*) pursuant to Italian law through a deed of incorporation dated 17 December 2014, notarised by Luca Tomasi, Notary in Bolzano, *repertorio* No. 17.824, *raccolta* No. 9.145.

In 2015, O.9 (now named Alperia) was involved in an industrial reorganisation and consolidation process affecting AEW, SEL and their respective subsidiaries. This process was aimed at creating, through a series of

extraordinary transactions, a single industrial entity operating mainly in the local area in the electricity, district heating and gas sectors.

During 2015, O.9 carried out certain preparatory activities aimed at implementing the envisaged Merger. In particular, in September 2015 O.9 entered into a cost sharing agreement with AEW and SEL according to which (i) O.9 undertook to carry out and procure, on behalf of AEW and SEL, certain management, organisational and operational services and activities aimed at implementing the reorganisation and consolidation process whilst (ii) AEW and SEL undertook the financing (50:50) of such services and activities.

Except for the activities referred to above, related to the then envisaged Merger, O.9 was not operational during the period up to 31 December 2015. Furthermore, during 2015, O.9 did not hold any equity interest in any company. Therefore, it was exempted from the obligation to prepare consolidated financial statements for the year ended 31 December 2015.

As at 31 December 2015, O.9 presented negative equity equal to Euro 180,285 due to the losses accrued in 2014 and 2015. However, there was no need to operate a decrease of the corporate capital due to losses, pursuant to article 2482-*bis* of the Italian Civil Code, or a decrease of the corporate capital below the legal limit, pursuant to article 2482-*ter* of the Italian Civil Code, because the Merger deed provided, *inter alia*, for the increase in the corporate capital of O.9 up to the amount of Euro 750,000,000.00. Such increase in the corporate capital was sufficient to cover the losses accrued in 2015 and to restore the corporate capital of O.9. In addition, following the Merger, the O.9 2015 losses were entirely covered by SEL and AEW 2015 profits. The above mentioned losses have been covered and no further corporate capital transaction was required to be carried out in this respect.

The audited financial statements of the Issuer (formerly named O9) as of and for the two years ended 31 December 2015 and 31 December 2014 incorporated by reference in this Base Prospectus in one single document have been prepared in accordance with IFRS. The 2016 Audited Consolidated Financial Statements of the Issuer, which have been prepared in accordance with IFRS, are incorporated by reference in this Base Prospectus. For further information see "*Documents incorporated by reference*" and "*Presentation of financial and certain other information*" above.

History of the merged companies

History of AEW

AEW was incorporated through a deed of association dated 4 March 1897 as *Consorzio "Etschwerke*". The Consorzio was subsequently transformed under Italian law into a joint stock company with a majority public shareholding (*società per azioni a prevalente capitale pubblico*) through a unilateral deed dated 26 April 2000 (as provided for in article 17, paragraph 51 et seq. of the Italian law No. 127 dated 15 May 1997). Its registered office and principal place of business was at via Dodiciville 8, 39100 Bolzano (Italy), and it was registered with the Companies' Register of Bolzano under No. 00101180214, Fiscal Code and VAT No. 00101180214.

Prior to the Merger (*i.e.* up to 31 December 2015) AEW was one of the leading multi-utility companies providing public utility services (electricity, gas and district heating) operating in the Alto Adige Province (and, among others, in particular, in the Municipality of Bolzano and Merano)[1]. AEW had a strong focus on sustainable development and the electricity production was mainly based on hydropower energy.

[1] Source: Issuer's internal data.

History of SEL

SEL was a joint stock company limited by shares (*società per azioni*) incorporated under Italian law through a deed of incorporation dated 5 November 1998, notarised by Herald Kleewein, Notary in Bolzano, *repertorio* No. 70771, *raccolta* No. 11180. Its registered office and principal place of business was at via Canonico Michael Gamper, 39100 Bolzano (Italy), and it is registered with the Companies' Register of Bolzano under No. 01710330216, Fiscal Code and VAT No. 01710330216.

SEL was subject to the management and coordination of PAB pursuant to article 2497 of the Italian Civil Code.

Prior to the Merger (*i.e.* up to 31 December 2015), SEL was one of the leading multi-utility companies providing public utility services (electricity, gas and district heating) operating in the Alto Adige Province (and, among others, in particular, in the Municipality of Bolzano and Merano)[2]. SEL had a strong focus on sustainable development with electricity production mainly using hydropower, and heat production using waste heat, biomass and natural gas cogeneration.

History of certain hydroelectric stations of the Alperia Group

In 1898 Etschwerke (subsequently AEW), a company held by the Municipalities of Bolzano and Merano, opened the hydroelectric station in the Municipality of Tel (such hydroelectric station was built in 3 years). In 1912, AEW built and started operating the hydroelectric station in the Municipality of Senales.

Following these initial stations, the sector continued to develop as explained below, and the following hydroelectric stations are currently operated by the Alperia Group.

- In 1928, *Società idroelettrica dell'Isarco* (subsequently SE Hydropower S.r.l.) built the Cardano hydroelectric station which became operational in 1929 and is currently the largest hydroelectric station in Alto Adige (producing approximately 620 million kWh of energy for the year ended 31 December 2016).
- Between 1939 and 1949, *Società elettrica Alto Adige* (subsequently Seledison S.p.A.) built the Glorenza and Castelbello hydroelectric stations which became operational in 1949.
- In the period of twenty years following the Second World War an economic "boom" caused a significant increase in levels of energy consumption in Italy and led to the construction by ENEL S.p.A. (subsequently SE Hydropower S.r.l.) of five hydroelectric stations in Val D'Ultimo. In 1968 the Naturno hydroelectric station, built by AEW, became operational.

SEL was incorporated in 2001 and started to operate and manage the Val Venosta hydroelectric stations (*i.e.* the above mentioned Glorenza and Castelbello hydroelectric stations). Together with the local municipalities, starting from 2001 SEL built new plants and systems using hydropower and renewable energy sources.

From 2011 SEL started to manage and operate several energy infrastructures in Alto Adige which were previously operated by other entities.

With effect from 1 January 2016 Alperia manages in Alto Adige 41 hydroelectric stations, 8,600 kilometres of electricity networks, 6 district heating stations, and provides more than 225,000 clients with electricity and gas.

[2] Source: Issuer's internal data.

BUSINESS OF THE ALPERIA GROUP

Introduction

The Alperia Group is mainly active in the field of production, distribution and sale of electricity with a strong focus on renewable energy (in particular on hydropower generation).

As at the date of this Base Prospectus, the businesses of the Alperia Group include both fully regulated services managed under "licensed concessionary regimes" (*i.e.* electricity distribution and transmission, gas distribution, public utilities such as public lighting and hydroelectric power systems) (the "**Regulated Activities**") and businesses managed under "free competition" regimes (*i.e.* electricity production - with the exception of electricity production through hydroelectric plants which is dependent on concessions - electricity sale, gas sale and telecommunications) (the "**Liberalised Activities**"). For further information on the regulatory framework, see also "*Regulation*" below.

Any Reference in this section headed "*Business of the Alperia Group*" to the Alperia Group is a reference to Alperia and its subsidiaries taking into account also the extraordinary transactions referred to in the 2016 Audited Consolidated Financial Statements incorporated by reference in this Base Prospectus.

Business segments

The Alperia Group's activities are currently organised through the following business segments:

- ***Production of electricity***

According to Alperia's internal data, the Alperia Group produces, on an annual basis, approximately 4,300 GWh of electricity from 41 hydroelectric plants located in Alto Adige. The installed capacity as at 31 December 2016 is approximately 1.4 GW. In particular, the above mentioned electricity production and installed capacity mainly derive from the following hydroelectric stations operated by the Alperia Group:

(a) The hydroelectric stations managed and operated by SE Hydropower S.r.l. ("**SEH**") have an installed capacity of 620 MW and produce annually approximately 1,716 GWh of electricity;

(b) The hydroelectric stations managed and operated by Hydros have an installed capacity of 249 MW and produce annually approximately 933 GWh of electricity;

(c) The hydroelectric stations managed and operated by SelEdison have an installed capacity of 192 MW and produce annually approximately 640 GWh of electricity.

The Alperia Group is also active in the production of electricity from other renewable sources. In particular Alperia holds majority stakes in three photovoltaic parks located in the Municipalities of Ottana and Monte San Giusto and in Rimini which respectively produce approximately 11 GWh, 6.2 GWh and 4.3 GWh of electricity on an annual basis and a minority stake in a wind farm located in Tuscany which produces approximately 29.8 GWh of electricity per year.

- ***Trading and Sales***

According to Alperia's internal data, for the year ended 31 December 2016 the companies of the Alperia Group sold electricity and gas to approximately 250,000 clients. In addition, volumes of electricity and gas sold by the Alperia Group to final users for the year ended 31 December 2016 amounted to approximately 3,461 GWh and 258 MSmc, respectively.

- ***Distribution***

The Alperia Group currently operates in the distribution of electricity, gas and heating.

In particular, the Alperia Group's electricity distribution network consists of a secondary medium and low voltage network of approximately 8,705 km through which it distributes electricity in Alto Adige.

Following completion of the divestment of its stake in Selgasnet S.p.A. ("**Selgasnet**", the company previously belonging to SEL active in the distribution of natural gas) carried out to comply with the IAA Merger Control Clearance Decision, the Alperia Group manages only the service for the gas distribution in the Municipality of Merano by virtue of a contract for the provision of the gas distribution entered into with ASM Merano.

- ***Energy services***

Such segment of business includes the district heating which is currently operated through 6 plants, research and development in the hydrogen/bio-combustible sector and the production of electricity from biomass and re-gasification.

The Alperia Group provides district heating services to several municipalities in Alto Adige. District heating is a service involving the sale of heat for customer home heating and domestic hot water. It is an alternative system to traditional boilers, which makes it possible to concentrate the production of heat in a few central installations that are more efficient and better controlled than home boilers. From these central installations, the heat is distributed through a network of isolated pipelines to customers' houses in the form of hot water. The heat then fuels the domestic heating system using non-polluting heat exchangers. District heating provides a solution to air pollution problems through the replacement of home boilers (frequently fuelled with gas-oil or methane) and allows heat generation from high-efficiency production methods, renewable energies or energy recovered from other production processes. In particular, according to internal data of the Issuer:

(a) The district heating power station located in the Municipality of Bolzano provides 192 users with heat through approximately 23 km of networks;

(b) The district heating power station located in the Municipality of Merano provides 380 users with heat through approximately 41.2 km of networks;

(c) The district heating power station located in the Municipality of Chiusa provides 461 users with heat through approximately 13 km of networks;

(d) The district heating power station located in the Municipality of Lazfons provides 136 users with heat through approximately 3 km of networks;

(e) The district heating power station located in the Municipality of Sesto provides 438 users with heat through approximately 19 km of networks. Over 98% of the heat is produced by biomass (*i.e* wood blocks) deriving from agroforestry activities and sawmills;

(f) The district heating power station located in the Municipality of Silandro (operated through the the Issuer's subsidiary Teleriscaldamento Silandro S.r.l. with an equity interest of 49%) provides 650 users with heat through approximately 28.7 km of networks.

- ***Other services***

The Alperia Group provides other services in addition to those set forth above, namely telecommunications, public lighting and other services.

- ***Smart Region***

Since February 2017, the Alperia Group also operates 35 charging stations for electric vehicles and 361 km of optical fibres.

On the basis of the financial statements for the year ended 31 December 2016 which are incorporated by reference in this Base Prospectus (see "*Documents incorporated by reference*"), the Issuer's consolidated revenues and other operating income deriving from the above mentioned 5 segments of business were Euro 1,224,079 thousand.

Financial highlights and revenues of the Group

EBITDA

On the basis of the 2016 Annual Audited Consolidated Financial Statements, EBITDA of the Alperia Group as at 31 December 2016 is approximately Euro184,193 thousand.

The chart below provides a breakdown of the 2016 EBITDA of the Alperia Group split by business segment (numbers are in Euro millions).

Business segment	EBITDA
Production	123
Trading and Sales	19
Grid	33
District heating and Other Services	10

Revenues

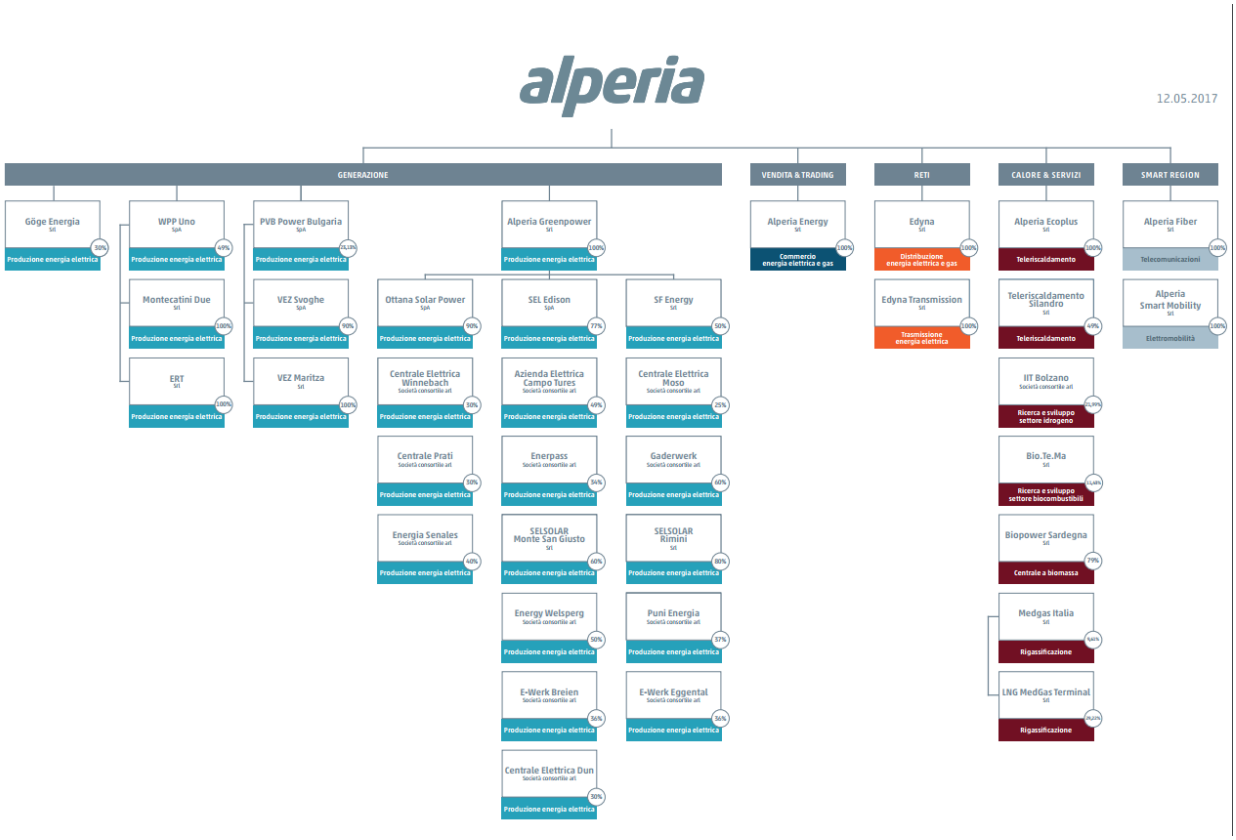
On the basis of the 2016 Annual Audited Consolidated Financial Statements, revenues of the Alperia Group as at 31 December 2016 are approximately Euro 1,224,079 thousand.

The chart below provides a breakdown of the 2016 revenues of the Alperia Group split by main sources of revenue (numbers are in Euro millions).

Business segment	Revenues
Production	303
Trading and Sales	784
Grid	70
District heating and Other Services	67

CURRENT STRUCTURE OF THE ALPERIA GROUP

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



CONCESSIONS AND LICENSES

As at the date of this Base Prospectus, Alperia operates, directly and/or indirectly through its subsidiaries, through concessions and licences in the following sectors:

- hydroelectric power systems;
- electricity distribution;
- gas distribution[3]; and
- public lighting.

Below are the main hydroelectric concessions granted to the companies of the Alperia Group, and operated by it as at the date of this Base Prospectus, listed by original maturity date.

[3] Following completion of the divestment of its stake in Selgasnet carried out to comply with the IAA's Merger Control Clearance Decision, the Alperia Group holds only the concession for the gas distribution in the Municipality of Merano.

CONCESSION NO.	HYDROELECTRIC PLANT	HOLDER	ORIGINAL MATURITY DATE
GS/63	Brunico/Bruneck-Olang	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	05/03/2014*
GS/235	San Floriano/St. Florian/Neumarkt	SF Energy S.r.l.	31/12/2014**
GS/1	Marlengo/Marling	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	17/11/2016*
GS/46	Prati di Vizze/Wiesen-Pfitsch	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	17/11/2016*
GS/58	Ponte Gardena/Barbian Waidbruck	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	25/05/2019
GS/968	Curon/Graun	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	15/07/2020
GS/80	Premesa/Prembach	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	29/11/2020
GS/1292	Naturno	Alperia S.p.A.	28/04/2023
GS/2000	Castelbello/Kastelbell	SEL Edison S.p.A.	31/12/2031
GS/2	Glorenza/Glurns	SEL Edison S.p.A.	31/12/2031
GS/7567	E-Werk Moos	Centrale Elettrica Moso Scarl	02/10/2035
GS/6878	Enerpass	Enerpass Scarl	05/02/2036
GS/7566	Tauferer Elektrowerk	Azienda Elettrica Campo Tures Scarl	22/05/2036
GS/57	Cardano/Kardaun	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/822 e GS/2600	Bressanone/Brixen	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/7	Lana/Lana	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/6989	San Pancrazio/St. Pankraz	Alperia Greenpower S.r.l. (formerly SE	31/12/2040

		Hydropower S.r.l.)	
GS/1742 e GS/87	S. Valburga/St. Walburg - Pracupola- Pracomune/Kuppelwies	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040***
GS/2401	Sarentino/Sarnthein	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/1146	Ponte Gardena/Waidbruck	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/571	Molini di Tures/Mühlen	Alperia Greenpower S.r.l. (ex SE Hydropower S.r.l.)	31/12/2040****
GD/1596	Fontana Bianca/Weißbrunn	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	31/12/2040
GS/42	Tel	Alperia S.p.A.	31/12/2040
GS/1273	Lasa/Laas-Martell	Alperia Greenpower S.r.l. (formerly Hydros S.r.l.)	06/02/2041
GS/100	Lappago/Lappach	Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.)	N.A.*****

(*) Extended until 31 December 2017 by operation of law. Upon expiry of such extension period, a new tender may be organised with the aim of awarding the relevant concessions. Alperia expects to take part to any such tender.

(**) The procedure for the assignment of the San Floriano hydroelectric concession is still pending.

(***) S. Valburga and Pracomune hydroelectric concessions are considered together due to the fact that they refer to the same plant (named "S. Valburga").

(****) Molini di Tures hydroelectric plant concession was annulled by the judgement No. 225/2016 issued by the High Court of Public Waters (*Tribunale Superiore delle Acque Pubbliche*). For further information in this respect, see also "*Legal proceedings*" below. Pending termination of the relevant proceeding, the Molini di Tures hydroelectric plant is currently managed by Alperia Greenpower S.r.l. on a *de facto* basis (without any objection raised up to now by PAB).

(*****) As a result of the re-examination process carried out by PAB during the 2015 spring period (for further information in this respect, see also "*Litigation proceedings – Administrative and criminal proceedings related to hydroelectric plants concessions – Re-examination process*"), the Lappago hydroelectric concession has not yet been re-assigned by PAB, since none of the applications submitted to the PAB for the assignment of such concession has been positively evaluated by the PAB for the relevant assignment. Therefore, Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.) currently operates the Lappago hydroelectric plant only pursuant to a *prorogatio* regime (for further information on *prorogatio* regime see also "*Regulation*" below). A new tender to assign such concession is expected to be organized in

the coming years and it is expected that Alperia will participate in any such tender. Furthermore, the Lappago hydroelectric plant concession has been the subject matter of a decision of the High Court of Public Waters (*Tribunale Superiore delle Acque Pubbliche*) (in this respect, see also "*Legal proceedings*" below).

All such hydroelectric concessions have been granted to the companies currently belonging to the Alperia Group by PAB.

Electricity distribution business is carried out by the Alperia Group pursuant to Italian Decree No. 235 of the President of the Republic of 26 March 1977, as amended and implemented. Distribution services concessions are expected to expire on 31 December 2030 and, therefore, following 2030 the Alperia Group shall try to obtain new concessions.

STRATEGY

The year 2016 has been characterised by, *inter alia*, the post-Merger integration and the activities aimed at capturing synergies and efficiency of the Merger through a performance improvement plan involving actions designed to bring about benefits and targeted initiatives. In addition, Alperia commenced the disposal of non-strategic assets. For further information in this respect, see "*Implementation of the Business Plan*" below.

The main strategic objective of the Alperia Group is to consolidate and strengthen its competitive position in the Italian energy market and in local public services, taking advantage of economies of scale and cost synergies and efficiencies. On 20 March 2017, the Management and Supervisory Boards of Alperia approved the 2017-2021 business plan of the Alperia Group ("**Business Plan**").

The Business Plan includes in particular the following pillars:

(i) investments within the current scope of the Group exceeding €400 million in five years;

(ii) major rebalancing and innovation in the Group's industrial portfolio with significant planned developments in smart grids and new energy services;

(iii) further effort toward increasing the efficiency of processes;

(iv) significant EBITDA growth;

(v) investments in the South Tyrol Smart Region;

(vi) continuous growth of expected dividends;

(vii) additional benefits expected from growth in external lines by consolidating the Group's territorial presence and rebalancing the Alperia Group's business mix.

The objectives of the Business Plan will be carried out by taking into account environmental, social and financial sustainability.

CORPORATE REORGANISATION OF THE ALPERIA GROUP

Introduction

Through the implementation of a more comprehensive reorganisation plan, the strategic objective of the Alperia Group is to make Alperia, as holding company of the Alperia Group, responsible for establishing the strategic guidelines and management policies of the Alperia Group, allocating resources and coordinating the Alperia Group's business segments.

Corporate reorganisation plan – Activities carried out in 2016

On 15 January 2016 and on 13 April 2016, the Management Board of Alperia resolved, *inter alia*, upon a reorganisation plan of the Alperia Group and its operations (collectively, the "**Reorganisation Plan**") aimed at reducing the number of subsidiaries and implementing a new business model which, as specified below, is based on business units and main operating companies.

The Reorganisation Plan provided for the following extraordinary corporate transactions which were completed before the end of December 2016:

1. *Reorganisation of the Production Business Unit*: the following corporate transactions were carried out in order to create a single production business unit under Alperia Greenpower S.r.l.:

(a) Transfer of SEL S.r.l. engineering branch to Alperia, contractually formalized on 30 June 2016 and effective as of 1 July 2016;

(b) Transfer of Alperia production branch to SEH, resolved on 24 October 2016 and effective as of 1 January 2017. On the same date, resolution was passed to adopt new By-laws and change of company's name from SEH to Alperia Greenpower S.r.l. ("**AGP**");

(c) Merger by way of incorporation of SEL S.r.l. and Hydros into AGP effective as of 1 January 2017; the merger resulted in a share capital increase of AGP up to Euro 120 million.

2. *Reorganisation of the Distribution / Grid Business Unit*: the following corporate transactions were carried out in order to create a single distribution / energy infrastructures business unit under Edyna S.r.l. also taking into account the requirements set forth by the IAA Merger Control Clearance Decision:

(a) Transfer of Alperia's stake in Selgasnet;

(b) Termination of the lease agreements entered into by Alperia and Azienda Energetica Reti S.p.A. ("**AE Reti**");

(c) Transfer of Alperia distribution branch to SEL Net S.r.l. ("**SELNET**"), effective as from 1 July 2016. Following the transfer, the extraordinary shareholders' meeting of the SELNET increased the share capital and changed the company's name to Edyna S.r.l. ("**Edyna**");

(d) Winding-up of AE Reti;

(e) Transfer of Alperia Special Technical Services business unit to Edyna effective as of 1 November 2016;

(f) Transfer by Alperia of 51% of its stakes in Selgasnet to Tigas-Erdgas Tirol S.r.l. ("**Tigas**") and SEL Fin S.r.l. ("**Selfin**"). By this last transaction, the Alperia Group fulfilled the requirements set by the IAA.

3. *Reorganisation of the Trading and Sales Business Unit*: the following corporate transactions were carried out in order to create a single trading and sales business unit under Alperia Energy S.r.l.:

(a) Purchase by Alperia of the minority stakes in SEL Trade S.r.l. ("**SEL Trade**") (which was formerly a company limited by shares (*Società per Azioni)*), thus becoming the sole shareholder of such company;

(b) Transfer of Alperia trading and sales branch to Alperia Energy S.r.l. ("**Alperia Energy**") (formerly Azienda Energetica Trading S.r.l.), effective as of 1 July 2016;

(c) Merger by way of incorporation of SEL Trade into Alperia Energy;

(d) Demerger of Selgas: by this last transaction, the Alperia Group fulfilled the requirements set by the IAA. Through the demerger a business unit comprising more than 18,000 gas customers has been transferred to Alperia Energy. As a result of this transaction, Alperia no longer holds shares in Selgas.

4. *Reorganisation of the District heating and Other Services Business Unit*: the following corporate transactions were carried out in order to create a single heating and other services business unit under Alperia Ecoplus S.r.l.:

(a) Transfer of Alperia heating and other services branch to Ecotherm S.r.l. ("**Ecotherm**") effective as of 1 July 2016. Following the transfer, the extraordinary shareholders' meeting of Ecotherm increased the share capital and also adopted a new By-laws and changed the company name to Alperia Ecoplus S.r.l. ("**Alperia Ecoplus**");

(b) Purchase by Alperia of the stakes held by the Municipality of Chiusa in Teleriscaldamento di Chiusa S.r.l. ("**TC**");

(c) Purchase by Alperia of the stakes held by the Municipality of Sesto in Teleriscaldamento Sesto S.r.l. ("**TS**");

(d) Merger by way of incorporation of TC and TS, wholly owned by Alperia, in Alperia Ecoplus, effective as of 1 January 2017;

In the context of the transactions mentioned under points 4c) above, TS has granted to the Municipality of Sesto, pursuant to Article 1331 of the Italian Civil Code, an option for the right to purchase – to be exercised by 8 November 2017 – from TS the entire going concern of TS (including assets, contracts, cash, debts and receivables) relating to the management of the district heating network located in the Municipality of Sesto.

5. *Reorganisation of the Fiber Optic Business Unit:* the following corporate transactions were carried out:

(a) Purchase by Alperia of the entire stake held by SEL S.r.l. in ST Fibernet S.r.l. ("**ST Fibernet**");

(b) Transfer of Alperia fiber optic branch to ST Fibernet, effective as from 1 July 2016. Following the transfer, the extraordinary shareholders' meeting of ST Fibernet increased the share capital of the company and also adopted the new By-laws and changed the company name to Alperia Fiber S.r.l.

6. *Incorporation of Alperia Smart Mobility S.r.l.*: With the aim of developing the Smart Region Business Unit which provides for, *inter alia*, services for e-mobility users and networks of electric chargers for mobility, Alperia Smart Mobility S.r.l. was incorporated as a limited liability company (*società a responsabilità limitata*) pursuant to Italian law through a deed of incorporation dated 1 February 2017. Alperia Smart Mobility S.r.l. is wholly owned by the Issuer and carries out, *inter alia*, activities and services which are instrumental to the promotion and development of sustainable mobility. In particular, it operates 35 charging stations for electric vehicles.

Alleluja Transaction

On 31 May 2016 Alperia and Edison S.p.A. ("**Edison**") carried out a swap of stakes pursuant to a framework agreement and three related sale and purchase agreements. As a result of such swap of participations, (i) SEL S.r.l. (a subsidiary of Alperia) received from Edison the stakes held by Edison in Hydros S.r.l. ("**Hydros**") and SelEdison S.p.A. ("**SelEdison**", *i.e.* the companies that carry out electric power generation through hydroelectric power plants in Alto Adige) equal to 40% and 42% of their corporate capital respectively, and (ii) Alperia transferred to Edison its entire stake in Cellina Energy S.r.l. ("**Cellina Energy**"), a company

wholly owned by Alperia (previously SEL) owner of certain hydroelectric plants located in the Friuli Venezia Giulia region (collectively, the "**Alleluja Transaction**").

With effect from the closing date of the Alleluja Transaction (*i.e.* 31 May 2016), Alperia holds (i) 100% of the corporate capital of Hydros through SEL S.r.l., and (ii) 77% (with 8% held directly and 69% held indirectly through SEL S.r.l.) of the share capital of SelEdison.

Without prejudice to the foregoing and according to arrangements of Edison and Alperia, the total purchase price for the acquisition of Cellina Energy amounts to Euro 198,151,160 of which (i) Euro 173,151,160 were offset against the price to be paid by Alperia for the acquisition of Hydros and Seledison within 10 days from the closing date (*i.e.* 31 May 2016) and (ii) Euro 25 million to be paid by Edison not later than 31 December 2016, subject to certain conditions being met. On 19 July 2017, Edison paid to Alperia an amount of Euro 19,257,000 (plus Euro 9,628.50 of interest), having deducted an amount of Euro 5,700,000 for liabilities occurred that have already been reflected in the 2016 Annual Audited Financial Statements.

In the context and as a result of the completion of the Alleluja Transaction, Edison has waived and settled, among others, any potential challenge against Alperia (previously, SEL) in relation to the procedure for the assignment of certain hydroelectric plants to certain companies of the SEL group in the context of the re-examination process referred to under "*Litigation proceedings – Administrative proceedings related to hydroelectric plants concessions – Re-examination process*" below. More precisely, reference is made to the hydroelectric concessions related to plants located in the municipalities of S. Antonio, Bressanone, Cardano, Lana, Lappago, Molini di Tures, Ponte Gardena, Pracomune-S. Valburga, S. Pancrazio, Sarentino, Tel and Lasa.

IMPLEMENTATION OF THE BUSINESS PLAN

Following the completion of the Reorganization Plan described above, in order to implement the Business Plan Alperia has started the process for disposing of its equity stakes in the following entities: (i) Biopower Sardegna S.r.l. (*i.e.* a company operating in the sector of energy generation from biomass which accounts for approximately 6% of the consolidated total assets of Alperia); (ii) Ottana Solar Power S.p.A., Selsolar Monte San Giusto S.r.l. and Selsolar Rimini S.r.l. (*i.e.* the companies operating in the photovoltaic sector); (iii) PVB Power Bulgaria AD (*i.e.* a company operating in the sector of electricity generation from certain hydro electrical plants located in Bulgaria); (iv) WPP Uno S.p.A. (*i.e.* a company operating in the wind sector). The structure of the proposed transaction envisages the disposal of 100% equity stake owned by Alperia in each of the companies mentioned above together with the shareholders' loan. Some of the proposed transactions are expected to be completed by 2017.

In order to start the implementation of the transactions mentioned above, on 20 June 2017 Alperia and WPP Wind Power Project S.p.A. entered into a share purchase agreement according to which Alperia intends to transfer to WPP Wind Power Project S.p.A. 63,700 shares (representing 49% of the share capital) of WPP Uno S.p.A. ("**WPP Uno**") and shareholders' loans issued by Alperia in favour of WPP Uno in the amount of approximately Euro 4 million. The closing of this transaction is expected to take place on 20 September 2017 as a result of the satisfaction of all the conditions precedent provided under the relevant agreement.

In addition to the above, Alperia has started a process to implement the disposal of its minority stake in the following companies operating in the electricity production sector through hydroelectric stations, that do not have a strategic value for Alperia: (i) Centrale Elettrica Winnebach Scarl, (ii) Centrale Prati Scarl, (iii) Energia Senales Scarl, (iv) Energy Welsperg Scarl, (v) E-Werk Breien Scarl, (vi) Puni Energia Scarl, (vii) E-Werk Eggental Scarl and (viii) Göge Energia S.r.l.

BUSINESS MODEL

The business model of the Alperia Group following the completion of the Reorganisation Plan provides that operational activities related to each segment of business are carried out by the relevant business unit / operating company whilst Alperia acts as a pure holding company which is, *inter alia*, entrusted with strategic planning, as well as coordinating and supervising the activities carried out by such operative companies, providing managerial and financial support and provided centralised corporate staff.

The table below sets out the structure of the Alperia Group's business model which is being implemented following the completion of the Reorganisation Plan:

Business segment	**Wholly owned subsidiary dedicated to business unit**
Production	Alperia Greenpower S.r.l.
Trading and Sales	Alperia Energy S.r.l.
Grid	Edyna S.r.l.
District heating and Other Services	Alperia Ecoplus S.r.l.
Smart Region	Alperia Fiber S.r.l. and Alperia Smart Mobility S.r.l.

The new business model will not affect the type of business current carried out by the Alperia Group. It will only consist in a different reorganisation and allocation of the relevant business activities within the Alperia Group.

LEGISLATIVE AND REGULATORY FRAMEWORK

Most of the Alperia Group's operations are within heavily regulated sectors. The legislative and regulatory environment within which the Alperia Group operates is summarised in the section entitled "*Regulation*" below. See also "*Risk Factors — The Group operates in a highly regulated environment. The constant and sometimes unpredictable evolution in the legislative and regulatory context for the electricity and natural gas sectors poses a risk to the Alperia Group*" above.

ALPERIA GROUP CAPITAL INVESTMENTS

Alperia Group has prepared a capital expenditures plan (the "**Capex Plan**") which is focused on the core business assets such as the hydroelectric plants and the electricity networks. Rationalisation and prioritisation of investments are the key factors of the Capex Plan which are aimed at achieving, among other operational activities, relevant synergies during the post-Merger phase.

The Capex Plan is structured by business area:

- In the production area, most of the investments are aimed at improving the efficiency of the hydroelectric plants, optimising their performances, improving the security aspects and minimising the environmental impact of the plants;
- In the infrastructures and networks area, the Capex Plan provides for a modernisation process and a technological renewal of the networks in light of the future development of smart grids with the aim of standardising the different technical features (*i.e.* the voltage) increasing the resilience of the new unified network;

- In the district heating area, investments are focused on a development of the local district heating network (mainly Bolzano) in order to reach and connect new domestic and public (*i.e.* Bolzano Hospital) users to the heating service;
- In the trading and sales area, the investments aims are, on the one hand, system integration and, on the other, technological innovation of existing applications leveraging on new digital devices and services.

ENVIRONMENTAL PROTECTION

The Alperia Group intends to carry out its activities in an environmentally friendly manner and with a view to contributing to the protection and enrichment of the territories in which it operates. Alperia is one of the leading Italian companies operating in the green energy sector and its aim is to contribute to change the energy sector towards a more environmentally sustainable future.[4]

To this end, the Alperia Group has chosen to diversify its production of electricity to include non-conventional sources such as hydroelectric stations, photovoltaic and biomass plants and to provide district heating with reduced emissions. According to the Issuer's internal data, all of the hydroelectric plants operated by the Alperia Group produce 100% green and renewable electricity without CO2 emissions, in accordance with the objectives of the "Climate 2050 Strategy" adopted by PAB which aims at reducing CO2 emissions and supplying the energy demand through "clean" energy sources.

The management of hydroelectric plants requires the adoption of environmental protection policies. In the period 2011-2040, Alperia has invested and intends to allocate more than Euro 400,000,000 in order to support environmental plans aimed at protecting, preserving and improving the environment and the landscape of the areas in which the hydroelectric stations are operated. For further information on the impact of the environmental activities, see "*Risk Factors — The Group may incur significant environmental expenses*" above.

LONG-TERM CONTRACTS – THE OFF-TAKE AGREEMENT WITH EDISON

In 2015 SEL (*i.e.* the current Issuer) and Edison entered into an off-take agreement pursuant to which SEL shall provide – through certain hydroelectric plants operated by its subsidiaries (*i.e.* Hydros and Sel Edison) – electricity to Edison for a three-year period (from 2016 to 2018) in consideration for the payment by Edison of a fixed price equal to Euro 44.00/MWh. In particular, the off-take agreement provides for the supply in favour of Edison of approximately 1,370 MWh of electricity in 2016 and 2017 and approximately 930 MWh of electricity in 2018.

FINANCIAL INDEBTEDNESS

Financing agreements – Facilities granted to Alperia

Alperia is currently the borrower under 4 credit facilities for an aggregate principal amount of up to Euro 321,000,000.00; as at the date of this Base Prospectus, the outstanding aggregate principal amount of such facilities was equal to Euro 167,600,000.00.

Summarised below are the main terms of each outstanding term credit facility granted to Alperia.

Credit facility granted by Cassa Depositi e Prestiti S.p.A.

Signing Date	28 November 2008

[4] Source: Issuer's internal data.

Termination Date	30 June 2023
Original Facility Amount	Euro 80,000,000.00
Outstanding Amount	Euro 48,000,000.00
Securities and guarantees	N/A
Interest rate	Euribor 6 months + 0.38% *per annum*
Amortizing plan	To be repaid by means of 6-months instalments

Credit facility granted by Banca Infrastrutture Innovazione e Sviluppo S.p.A., Banca di Trento e Bolzano S.p.A., Cassa di Risparmio di Bolzano S.p.A., Banca Popolare dell'Alto Adige Soc. Coop. p.A., Cassa Centrale Raiffeisen dell'Alto Adige S.p.A. and Mediocredito Trentino Alto Adige S.p.A.

Signing Date	22 April 2010
Termination Date	31 December 2017
Original Facility Amount	Euro 95,000,000.00
Outstanding Amount	Euro 25,236,354.28
Securities and guarantees	Personal guarantee granted by PAB on 29 November 2010
Interest rate	Euribor 6 months + 0.86% *per annum*
Amortizing plan	To be repaid by means of 6-months instalments

Credit facility granted by Banca Infrastrutture Innovazione e Sviluppo S.p.A., Banca di Trento e Bolzano S.p.A., Cassa di Risparmio di Bolzano S.p.A., Banca Popolare dell'Alto Adige Soc. Coop. p.A., Cassa Centrale Raiffeisen dell'Alto Adige S.p.A., Mediocredito Trentino Alto Adige S.p.A., UniCredit S.p.A. and Banca Nazionale del Lavoro S.p.A. – Gruppo BNP Paribas

Signing Date	20 December 2010
Termination Date	31 December 2022
Original Facility Amount	Euro 71,000,000.00
Outstanding Amount	Euro 44,126,318.15
Securities and guarantees	Personal guarantee granted by PAB on 11 April 2011
Interest rate	Euribor 6 months + 1.12% *per annum* (Tranche A) Euribor 6 months + 0.92% *per annum* (Tranche B)
Amortizing plan	To be repaid by means of 6-months instalments

Credit facility granted by European Investment Bank

Signing Date	26 September 2014
Termination Date	Facility A: Euro 50,000,000.00 – 21 October 2025 Facility B: Euro 25,000,000.00 – 21 October 2026
Original Facility Amount	Facility A and B: Euro 75,000,000.00
Outstanding Amount	Euro 75,000,000.00
Securities and guarantees	Personal guarantee granted by PAB on 26 September 2014
Interest rate	Facility A: 2.00% *per annum* Facility B: 1.80% *per annum*
Amortizing plan	To be repaid by means of 6-months instalments (starting on October 2017 in relation to Tranche A and on October 2018 in relation to Tranche B)

Financing agreements – Facilities granted to companies belonging to the Alperia Group

Certain Alperia Group companies are the borrowers under 3 credit facilities for an aggregate principal amount of up to Euro 80,150,000.00; as at the date of this Base Prospectus the outstanding aggregate principal amount of such facilities was equal to Euro 36,400,000.00.

Please find below a short summary of the main terms of each outstanding term credit facility granted to certain Alperia Group companies.

Credit facility granted to SelSolar Rimini S.r.l. by Cassa Rurale Renon Soc. Coop.

Signing Date	1 August 2014
Termination Date	1 August 2032
Original Facility Amount	Euro 10,650,000.00
Outstanding Amount	Euro 10,333,985.84
Securities and guarantees	Personal guarantee granted by SEL S.r.l. and Green Utility on 1 August 2014
Interest rate	4.6% *per annum*
Amortizing plan	To be repaid by means of 3-months instalments

Credit facility granted to Biopower Sardegna S.r.l. by Cassa Depositi e Prestiti S.p.A.

Signing Date	22 May 2008
Termination Date	31 December 2020
Original Facility Amount	Euro 65,000,000.00 Composed of:

	Linea Costruzione: Euro 55,833,333.33 *Linea IVA*: Euro 9,166,666.67 (which has been entirely repaid)
Outstanding Amount	Euro 28,998,317.44
Securities and guarantees	Mortgage on the Ottana (NU) plant; assignment by way of security of receivables owed to Biopower Sardegna S.r.l. arising out of a electricity supply agreement; a pledge over the bank account of Biopower Sardegna S.r.l.; personal guarantees granted, severally and not jointly, by the relevant shareholders of Biopower Sardegna S.r.l. at the time, i.e. AEW (*i.e.* the Issuer), Ottana Energia S.p.A., BKW A.G. (sole shareholder of BKW Italia S.p.A., which is a shareholder of Biopower Sardegna S.r.l.) and STC S.p.A.
Interest rate	Linea Costruzione: 4.80% per annum
Amortizing plan	To be repaid by means of 6-months instalments for *Linea Costruzione*

Credit facility granted to Teleriscaldamento Sesto S.r.l. by Cassa Centrale Raiffeisen dell'Alto Adige S.p.A.

Signing Date	4 May 2011
Termination Date	31 March 2026
Original Facility Amount	Euro 4,500,000.00
Outstanding Amount	Euro 3,160,414,84
Securities and guarantees	Mortgage on the Sesto (BZ) plant and land Special lien over the plant's machineries
Interest rate	Euribor 6 months + 1.550%
Amortizing plan	To be repaid by means of 6 months instalments

Notes issued under the Programme

On 30 June 2016, following the establishment of the Programme, Alperia issued two Series of Notes in an aggregate principal amount of Euro 225 million, namely the Series 1 Notes in an aggregate principal amount of Euro 100 million and the Series 2 Notes in an aggregate principal amount of Euro 125 million, for the purpose of refinancing existing financial indebtedness which were incurred for the acquisition of eligible green projects (including hydroelectric plants located in northern Italy).

Furthermore, on 22 December 2016, Alperia issued under the Programme one more Series of Notes in an aggregate principal amount of Euro 150 million, for the purposes of repaying in its entirety a bridge facility

agreement entered into with BNP Paribas, Italian branch, for a principal amount of Euro 150 million with an expiration date of no later than 24 December 2016.

SHAREHOLDERS STRUCTRE

Shareholders

As at the date of this Base Prospectus, the Alperia voting share capital is held by shareholders of Alperia as set out in the table below:

Shareholders	Shares	% of the share capital of Alperia
Provincia Autonoma di Bolzano	408,380,656	54.45%
Comune di Bolzano	157,500,000	21.00%
Comune di Merano	157,500,000	21.00%
SELFIN S.r.l.	26,619,344	3.55%

Rights attached to Alperia's shares

The shares representing the corporate capital of Alperia are divided into (i) 408,380,656 Class A shares, representing 54.45% of the corporate capital of Alperia, (ii) 157,500,000 Class B shares, representing 21.00% of the corporate capital of Alperia, (iii) 157,500,000 Class C shares, representing 21.00% of the corporate capital of Alperia and (iv) 26,619,344 Class D shares, representing 3.55% of the corporate capital of Alperia.

Class A shares and Class D shares shall have the right, *pro quota*, to the profits and reserves distribution in a privileged and priority way, up to an amount equal to the incomes, net of duties and taxes applicable in relation to such income against SE Hydropower S.r.l. and Alperia, which SE Hydropower S.r.l. will receive in the previous fiscal year from the lease by SE Hydropower S.r.l. of the so called "*Compendio San Antonio*" (*i.e.* goods, rights, titles, assets and liabilities, owned by SE Hydropower S.r.l. and strictly pertaining to the large-scale water diversion concessions (*Concessione di Grande Derivazione*) "*San Antonio*").

Shareholders' agreements

As at the date of this Base Prospectus, no shareholders' agreement has been entered into by the shareholders of Alperia.

The relationships between the shareholders of Alperia are regulated by the Alperia by-laws and by an investment agreement executed among the shareholders, AEW and SEL on 21 February 2015 (the "**Investment Agreement**"), as well as by other ancillary and implementation documents and agreements related to such Investment Agreement.

The Investment Agreement regulates the terms and conditions of the Merger and the transformation of O.9 into a joint-stock company (*società per azioni*). The Investment Agreement also provides also for certain indemnity undertakings, binding on PAB, which are related to the occurrence of certain potential adverse events concerning Alperia and its assets. In particular, according to the Investment Agreement, PAB shall indemnify and hold harmless:

- Alperia from any loss related to: (i) certain disputes with the Italian Tax Authority (*Agenzia delle Entrate*), having as its object the contestation of certain transactions carried out by SEL or its

controlled companies, and namely, the "PVC SEL" (which was settled pursuant to Article 48 of the Presidential Decree No. 546/1992 on 25 November 2015, with the obligation that SEL pay the overall amount of Euro 35,668,613.25) and the "PVC SELNET" (which is still pending); and (ii) any possible challenge or claim against Alperia and its controlled companies in relation to the awarding to such companies of the concessions pertaining to certain hydroelectric plants by the competent body of PAB.

- the Municipalities of Bolzano and Merano from any loss deriving from any loss that they may suffer in case of revocation of certain hydroelectric plants concessions (*Concessioni di Grande Derivazione*, namely Cardano, Bressanone, Lana, S. Pancrazio, S. Valburga-Pracupola, Sarentino, Ponte Gardena, Molini di Tures) owned at the signing of the Investment Agreement by certain companies controlled by SEL (*i.e.*, SE Hydropower, SEL S.r.l., Hydros).

Should the overall indemnification amounts payable by PAB under the Investment Agreement exceed Euro 40,000,000, PAB, as an alternative option to the payment of such amounts, may request the Municipalities of Bolzano and Merano – not later than 30 business days following the achievement of the Euro 40,000,000 threshold – to implement a non-proportional de-merger of Alperia, to the effect that the Municipalities of Bolzano and Merano will own the entire share capital of a new company owning the same assets owned by AEW (and its controlled companies) before the execution of the Merger. Any indemnification amount, if any, due by PAB in relation to "PVC SEL" shall not be counted towards the Euro 40,000,000.00 threshold. For further information in this respect, see also "Risk *Factors – Risk related to the loss of assets of the Alperia Group*" above.

Transfer of Shares

The by-laws provide for the following limitations to the transfer of the shares of Alperia.

Lock-Up

The shares cannot be transferred to third parties for a period of five years from the date of entry into force of the By-Laws (*i.e.*, starting from 1 January 2016) (the "**Lock-Up Period**").

Pre-emption right

Upon the expiration of the Lock-up Period (*i.e.*, 31 December 2020), each shareholder may transfer its shares to the other shareholders or third parties, subject to the pre-emption right procedure, as better explained in the Article 8 of the By-Laws.

Right to approve

In the event of failure to exercise the pre-emption right by entitled shareholders, a transfer of shares is subject to previous written approval by the other shareholders. Such approval cannot be denied in case of transfer of shares of each shareholder to (i) its affiliate companies and (ii) the municipalities of PAB and/or companies wholly-owned by the municipalities of PAB.

The Lock-Up, the pre-emption right and the right to approve are not applicable in certain circumstances listed in Article 8.15 of the By-Laws, including, among others, the possible transfer of Class A shares (*i.e.* the shares currently owned by PAB), representing no more than 10% of the share capital of Alperia, to the municipalities of PAB (other than the Municipalities of Bolzano and Merano) or to companies wholly-owned by the municipalities of PAB (provided that they are not affiliate to the Municipalities of Bolzano and Merano) provided that such transfer occurs within 36 months from the date of entry into force of the By-Laws.

CORPORATE GOVERNANCE

Corporate governance rules for Italian companies like Alperia, whose shares are not listed on the Italian Stock Exchange, are provided in the Italian Civil Code.

Alperia has adopted a two-tier system of corporate governance (*modello dualistico*), based on an organisational model involving shareholders' meetings, a supervisory board (*consiglio di sorveglianza*) (the "**Supervisory Board**") and a management board (*consiglio di gestione*) (the "**Management Board**").

Supervisory Board

Pursuant to Alperia's by-laws, the Supervisory Board is composed of 6 members, who are all appointed by the ordinary shareholders' meeting for a maximum period of three financial years. Three members of the Supervisory Board are appointed by the ordinary shareholders' meeting upon designation by a special meeting of the holders of Class A and Class D shares whereas the other three members of the Supervisory Board are appointed by the ordinary shareholders' meeting upon designation by a special meeting of the holders of Class B and Class C shares.

At least one of the members of the Supervisory Board must be designated among the statutory auditors enrolled with the specific register. Such member shall be appointed, (i) for the first 3 financial years from the adoption of the Alperia by-laws, among the members designated by the special meeting of the holders of Class A and Class D shares, and (ii) for the following 3 financial years, among the members designated by the special meeting of the holders of Class B and Class C shares.

The special meeting of the holders of Class A and Class D shares has the right to designate 4 members of the Supervisory Board and the special meeting of the holders of Class B and Class C shares has the right to designate the other 2 members of the Supervisory Board, where, following a transfer of shares to holders of shares of another class, Class B and Class C shares, when taken together, represent less than 20% of the corporate capital of Alperia.

The special meeting of the holders of Class B and Class C shares has the right to designate 4 members of the Supervisory Board and the special meeting of the holders of Class A and Class D shares has the right to designate the other 2 members of the Supervisory Board, where, following a transfer of shares to holders of shares of another class, Class A and Class D shares, when taken together, represent less than 20% of the corporate capital of Alperia.

The Supervisory Board has certain powers usually entrusted to the shareholders' meeting under the traditional system of corporate governance. It is authorised, *inter alia*, to appoint members of the Management Board, to establish their remuneration, to approve the Issuer's financial statements and to authorise management's strategic decisions and certain extraordinary transactions. In addition, the Supervisory Board has supervisory duties.

The shareholders' meeting of O.9 (now named Alperia) held on 21 December 2015 appointed, effective as from 1 January 2016 (*i.e.* from the date the transformation into a joint-stock company (*società per azioni*) under the name of Alperia S.p.A. took effect), the Supervisory Board for a period of three financial years. Unless their office is terminated before then, for any reason, all members will remain in office until the approval of Alperia's financial statements for the financial year ending on 31 December 2018.

The following table sets out the current members of the Supervisory Board of Alperia and the main positions held by them outside the Alperia Group.

Name	Position	Main positions held by the Supervisory Board members outside the Alperia

		Group
Mauro Marchi	Chairman of the Supervisory Board	Employee of Banca Intesa S.p.A Senior Lawyer at *Galante e Associati*
Luitgard Spögler	Deputy Chairman of the Supervisory Board	Chairman of the Board of Directors of Banca Sistema S.p.A.;
		Indipendent Director of Advanced Capital SGR S.p.A.
		Partner of Map Data S.r.l.
Maurizio Peluso	Member of the Supervisory Board	Chairman of the Board of Auditors of the Municipality of Merano
		Member of the Board of Statutory Auditors of Pinei Re S.p.A.
		Sole Statutory Auditor and Auditor of Franz Haas S.r.l.
Helmuth Konrad Moroder	Member of the Supervisory Board	Tax and economic advisor
Manfred Mayr	Member of the Supervisory Board	Chairman of the Board of Statutory Auditors of Selfin S.r.l.;
		Chairman of the Board of Statutory Auditors of *Consorzio dei Comuni della Provincia di Bolzano Società Cooperativa;*
		Member of the Board of Statutory Auditors of Fiera Bolzano S.p.A.;
		Member of the Board of Auditors of the Municipality of Laives;
		Statutory Auditor of *Consorzio Agrario di Bolzano Società Cooperativa*
Sabine Fischer	Member of the Supervisory Board	Name Partner at Fischer Consulting S.a.s.

The business address of each of the Supervisory Board members is the Issuer's registered office at via Dodiciville 8, 39100 Bolzano (Italy).

As at the date of this Base Prospectus there are no potential or existing conflicts of interest between the duties of the members of Supervisory Board and their private interests or other duties.

Supervisory Board – Internal committees

Under the authority conferred on it by Alperia's by-laws, the Supervisory Board has deemed it appropriate to establish specific committees, with members drawn from the Supervisory Board, and to determine their powers and the rules for their functioning. Such committees have a consultative and advisory role.

As at the date of this Base Prospectus, the following committees have been created within the Supervisory Board:

- **Appointments Committee**, having the task of, *inter alia*, assisting the Supervisory Board in the appointment of the members of the Management Board and in the appointment of the Chairman of the management and supervisory bodies of the companies in which Alperia holds, directly or indirectly, an equity interest. In accordance with Alperia's by-laws the Appointments Committee is made up of four members.
- **Remuneration Committee**, having the task of, *inter alia* (i) assisting the Supervisory Board in determining the remuneration of members of both the Management Board and Supervisory Board holding special office and (ii) expressing opinions on incentive plans relating to members of the Management Board and Supervisory board. Pursuant to Alperia's by-laws, the Remuneration Committee is made up of four members.
- **Internal Audit and Risk Committee**, having the task of monitoring the effectiveness of the company's internal controls, internal audit and risk management systems. Such committee is not expressly required by Alperia by-laws.

Management Board

Pursuant to Alperia's by-laws, the Management Board is composed of 6 members, who are all appointed by the Supervisory Board for three financial years. Four members of the Management Board are appointed by a voting list system, unless otherwise unanimously resolved by the Supervisory Board, whereas the other two members of the Management Board (including in any case, the General Manager of Alperia) shall be chosen from among the top managers of the Alperia Group upon a resolution of the Supervisory Board passed with a favourable vote of at least 5 members.

The Management Board has the power to perform the tasks involved in managing Alperia. It is authorised to take all the steps that it deems appropriate in order to achieve Alperia's aims and corporate objectives. In addition, it is vested with the power, *inter alia*, to approve the strategic, industrial and financial plans of Alperia and the Alperia Group and to prepare Alperia's financial statements and consolidated financial statements.

The shareholders' meeting of O.9 (now named Alperia) held on 21 December 2015 appointed, effective as from 1 January 2016 (*i.e.* from the date the transformation into a joint-stock company (*società per azioni*) under the name of Alperia S.p.A. took effect) the Management Board for a period of three financial years. Unless their office is terminated early, for any reasons, all members will remain in office until the approval of Alperia's financial statements for the financial year ending on 31 December 2018.

The following table sets out the current members[5] of the Management Board of Alperia and the main positions held by them outside the Alperia Group.

[5] The sixth member of the Management Board has not been appointed yet by the Supervisory Board. The appointment is expected to occur by the end of September 2017.

Name	Position	Main positions held by the Management Board members outside the Alperia Group
Wolfram Sparber	Chairman of the Management Board	Head of the Institute for Renewable Energy at EURAC research
		Deputy Chairman of the Board of The European Technology and Innovation Platform on Renewable Heating and Cooling
Giuseppina Martelli	Deputy Chairman of the Management Board	Partner and Director of Marketing and Sales of Steriline Robotics S.r.l.
		Partner of Carewatch S.r.l.
Renate König	Member of the Management Board	Senior Partner of König Skocir & Siebenförcher
		Member of the Statutory Auditor of Birra Forst S.p.A.
		Statutory Auditor of *Istituto per l'edilizia sociale della Provincia di Bolzano*
		Statutory Auditor of Agostini M. & C. S.r.l.
		Statutory Auditor of L. Agostini S.r.l.
		Statutory Auditor of Enterprise S.r.l.
Johann Wohlfarter	Member of the Management Board	Founding partner and non-executive partner of JW-Consulting S.r.l.
Paolo Acuti	Member of the Management Board	-

The business address of each of the Management Board members is the Issuer's registered office at via Dodiciville 8, 39100 Bolzano (Italy).

As at the date of this Base Prospectus, there are no potential or existing conflicts of interest between the duties of the members of the Management Board to Alperia and their private interests or other duties.

Management Board – Executive Committee

In accordance with Alperia's By-laws, the Executive Committee consists of 4 members of the Management Board namely the Chairman and the Deputy Chairman of the Management Board and the two members of the Management Board appointed among the top managements of the Alperia Group.

The Management Board delegates some of its management responsibilities to the Executive Committee within a specific expense limit and to the extent permitted by applicable laws and its By-laws.

Senior management

The following table sets out the current senior managers of Alperia.

Name	Position
Johann Wohlfarter	Chief Executive Officer
Paolo Acuti	Deputy Chief Executive Officer
Paolo Vanoni	Chief Strategy Officer
Mario Trogni	Director of the Production Business Unit
Alois Amort	Director of the Distribution / Grid Business Unit
Andrea Lanzingher	Director of the Trading and Sales Business Unit
Günther Andergassen	Director of the District heating and Other Services Business Unit
Sergio Marchiori	Director of the Smart Region Business Unit

Code of Ethics – 231 Model

In March 2016 the Management Board adopted a code of conduct for the business relationships (*i.e.* the code of ethics) which provides for a set of rules and principles which Alperia's management and employees shall comply with.

Furthermore, on 26 July 2016 the Management Body of Alperia approved the general part of an organisational, management and control model (the "**231 Model**") in accordance with Legislative Decree No. 231 of 8 June 2001 aimed at protecting Alperia from the possible reckless or criminal acts which may be committed by its executives or employees and appointed the Supervisory Body ("*Organismo di Vigilanza*"). As of today, Alperia has not yet approved the special part of the 231 Model.

Internal Dealing Code – Procedure for the management and disclosure of Inside Information

In compliance with the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the relevant further implementing acts and legislation, on 25 November 2016 the Management Board of Alperia resolved upon the approval of the following procedures: (i) the Internal Dealing Code and (ii) Procedure on Inside Information covering its management, disclosure to the public and the maintenance of an Insider list.

INDEPENDENT AUDITORS

The current independent auditors of Alperia are PricewaterhouseCoopers S.p.A., with registered office is in Via Monte Rosa 91, Milan, Italy ("**PwC**" or the "**Independent Auditors**").

PwC is registered under No. 43 in the Register of Independent Auditors held by the Ministry of Economy and Finance and is also a member of the ASSIREVI (*Associazione Nazionale Revisori Contabili*), the Italian association of auditing firms.

The Independent Auditors' original appointment was conferred for the period 2016-2018 by the shareholders' meeting held on 23 March 2016 but has been extended by the shareholders' meeting held on 12 May 2017 and

will expire on the date of the shareholders' meeting convened to approve Alperia's financial statements for the financial year ending 31 December 2024.

EMPLOYEES

As at the date of this Base Prospectus, the Alperia Group has approximately 950 employees.

LEGAL PROCEEDINGS

Overview

As part of the ordinary course of business, companies within the Alperia Group are subject to a number of civil, administrative and tax proceedings relating to the management and development of the Alperia Group's activity. The Alperia Group has carried out a review of its ongoing litigation and provisions in the consolidated financial statements were made where disputes were likely to result in a negative outcome and a reasonable estimate of the amount involved could be made. As at 31 December 2016, the Issuer had a provision in its consolidated financial statement for risks and charges amounting to Euro 2.644 million. For a description of risks arising from legal proceedings, see "*Risk Factors*", above.

In certain cases, where the negative outcome of disputes was considered to be only a remote possibility, no specific provisions were made in the Issuer's consolidated accounts in accordance with the principles and procedures governing the preparation of financial statements. In addition, the Alperia Group is involved in certain minor civil proceedings, for which no provisions for contingent liabilities were made, as the impact of any negative outcome could not be estimated.

Administrative and criminal proceedings related to hydroelectric plants concessions

A summary of the main proceedings related to hydroelectric plants concessions in which the Issuer or the Alperia Group companies are involved is described below.

Re-examination process

Between 2009 and 2010 the PAB issued/renewed some hydroelectric plant concessions in favour of some companies belonging to the Alperia Group (SEL, SEH, Hydros, SF Energy S.r.l.). Third parties challenged before the competent Court the decisions which granted said concessions and at present the proceedings concerning 13 hydroelectric plants concessions held by companies currently belonging to the Alperia Group are still pending. Such proceedings affect the hydroelectric concessions related to the Tel, Lappago, Molini di Tures, Senales, S. Valburga-Pracupola, Ponte Gardena, Sarentino, Cardano, Lana, S. Pancrazio, S. Floriano, Lasa and Bressanone plants. In addition, two sets of criminal proceedings were initiated against the former Councillor for town planning and the environment as well as against SEL's former Director-General, due to the alleged breach of the principles and rules of fair competition during the process of issuance/renewal of some of the aforementioned hydroelectric concessions. The proceedings ended with the pronouncement of a plea bargaining order (*patteggiamento*).

As a consequence, the PAB decided to renew the awarding process ("re-examination process") concerning the hydroelectric concessions related to the S. Antonio, Bressanone, Cardano, Lana, Lappago, Molini di Tures, Ponte Gardena, Pracomune and S. Valburga, S. Pancrazio, Sarentino, Tel and Lasa plants (by way of resolution No. 562/2013 and resolution No. 480/2015). Upon its completion, PAB confirmed said companies of the Alperia Group (SEL, SEH, Hydros) as grantees of the relevant concessions.

Alpine Energy S.r.l. and other parties served claims upon the PAB and the companies of the Alperia Group, challenging a number of acts issued by the PAB in relation to the issuance/renewal of 11 hydroelectric concessions, following the completion of the re-examination process and seeking the annulment of the whole

procedure. These proceedings are still pending with respect to the hydroelectric concessions related to plants located in the municipalities of Tel, Sarentino, Bressanone, Cardano, Lana, Molini di Tures, Ponte Gardena, S. Valburga-Pracupola, S. Pancrazio, Lasa and Lappago[6]. In particular:

a. with respect to the claim related to the hydroelectric concessions of Tel, Sarentino, Bressanone, Cardano, Lana, Molini di Tures, Ponte Gardena, S. Valburga-Pracupola, S. Pancrazio, Lasa, the next hearing is currently envisaged to take place on 3 October 2018;

b. with respect to the claims related to the hydroelectric concessions of Lasa: (i) one has been defined by judgment No. 101/2017 and (ii) the other one is still pending and the next hearing is currently envisaged to take place on 4 October 2017.

Alpine Energy S.r.l. and a third party served a claim upon the PAB and certain companies of the Alperia Group, challenging a number of acts issued by the PAB in relation to the issuance/renewal of the hydroelectric concessions related to S. Antonio, S. Valburga-Pracupola, Ponte Gardena, Sarentino, Cardano, Lana, S. Pancrazio, San Floriano, Lasa, Tel, Senales, Bressanone and Glorenza plants[7]. By judgment No. 110/2014, the High Court of Public Waters (*Tribunale Superiore delle Acque Pubbliche*) rejected the claim. The said judgement has been challenged by Alpine Energy S.r.l. and the third party before the Italian Supreme Court (*Corte di Cassazione*). SEL, SHE, SF Energy S.r.l., Hydros and the PAB filed a counter-claim (*controricorso*).

The above-mentioned claims have been settled pursuant to a settlement agreement entered into on 12 December 2016 by Alperia, Alpine Energy S.r.l. and its sole shareholder, Mr. Josef Thomas Steinhauser (for further information in this respect, see also "*Alpine Energy Settlement Agreement*" below), which will be effective subject to the terms and conditions provided therein.

Brunico, Lappago and Molini di Tures hydroelectric concessions

In 2012, the PAB dismissed some applications for the issuance of hydroelectric concessions filed by third parties, which challenged the PAB's related resolution before the competent Court.

Two of said claims were also served upon some companies of the Alperia Group, which are still the holders of the hydroelectric concessions of the plants located in the municipalities of Monguelfo, Rasun Anterselva, Valdaora, Perca, Brunico and Selva dei Molini and Campo Tures.

One of said claims (*i.e.* the one related to the Brunico plant hydroelectric concession) has been defined by means of judgement no. 97/2016. Such judgement has been challenged by Alperia Greenpower S.r.l. and the PAB before the Italian Supreme Court (*Corte di Cassazione*). In relation to such procedure, on 21 September 2016 Energia Partecipazioni S.r.l. filed a counter-claim (*controricorso*). As of today, the claim is still pending and the relevant hearing has yet to be scheduled.

In relation to the other claim (*i.e.* the one related to Lappago and Molini di Tures hydroelectric plants concessions), on 6 July 2016 the High Court of Public Waters (*Tribunale Superiore delle Acque Pubbliche*) issued its final judgment, upholding the claim and annulling the hydroelectric concessions related to Molini di Tures hydroelectric plants because of irregularities in the procedure for the award of concessions. This

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[6] The proceedings described in this paragraph affect also the hydroelectric concession related to the plant located in the Municipality of S. Antonio, which, upon completion of the "re-examination process", is no longer held by companies of the Alperia Group.

S. Valburga and Pracomune hydroelectric concessions are considered together due to the fact that they refer to the same plant (named "S. Valburga").

Lappago hydroelectric concession has not been re-assigned yet by PAB and, therefore, SE Hydropower S.r.l. operates the Lappago hydroelectric plant pursuant to a *prorogatio* regime.

[7] This proceeding affects also the hydroelectric concession related to the plant located in the Municipality of S. Antonio, which, upon completion of the "re-examination process", is no longer held by companies of the Alperia Group.

judgment also covered the Lappago concession that – as specified under "*Concessions and Licenses*" above – has been already annulled and is currently operated pursuant to a *prorogatio* regime. This judgment is not expected to have a material impact on the business and operations of the Alperia Group because the Molini di Tures and Lappago hydroelectric plants produce only 1 per cent. approximately of the aggregate hydroelectric production of the Alperia Group.

On 7 October 2016 the PAB filed an appeal before the Italian Supreme Court (*Corte di Cassazione*) against the above mentioned judgment. Furthermore, Alperia Greenpower S.r.l. (formerly SE Hydropower S.r.l.) and Alperia S.p.A. filed an appeal before the Italian Supreme Court (*Corte di Cassazione*) against the same judgment and Alpine Energy S.r.l. filed a counter-claim (*controricorso*). In this respect, in accordance with a settlement agreement entered into on 12 December 2016 by Alperia, Alpine Energy S.r.l. and its sole shareholder, Mr. Josef Thomas Steinhauser (for further information in this respect, see also "*Alpine Energy Settlement Agreement*" below), on 23 May 2017 the parties (*i.e.* the PAB, Alperia Greenpower S.r.l., Alperia S.p.A. and Alpine Energy S.r.l.) filed a request to dismiss the claim (*istanza per la cessata materia del contendere*) with the Italian Supreme Court (*Corte di Cassazione*), but the related procedure is still pending waiting the relevant judgement.

Other administrative proceedings

Expropriation procedures

In 2015, Mr. Sauto served a claim upon Alperia, before the Administrative Court of Bolzano (*Tribunale Regionale di Giustizia Amministrativa Sezione Autonoma di Bolzano*), seeking the annulment of an expropriation procedure carried out by Alperia in relation to Mr. Sauto's property, in order to build a transformer room and obtain the related easement rights (the "**Administrative Proceeding**").

Simultaneously, Mr. Sauto challenged before the Civil Court of Appeal of Bolzano (*Corte di Appello di Bolzano*) the administrative decision establishing the amount of the indemnity due by Alperia for the expropriation procedure as mentioned above (the "**Civil Proceeding**").

On 20 January 2016, the Civil Court of Appeal of Bolzano (*Corte di Appello di Bolzano*) suspended the Civil Proceeding, because the conclusion of the Administrative Proceeding had to precede establishing the amount of the indemnity due by Alperia to Mr Sauto for the expropriation procedure.

By means of judgement No. 2061/2016, passed on 22 June 22 2016, the Administrative Court of Bolzano (*Tribunale Regionale di Giustizia Amministrativa Sezione Autonoma di Bolzano*) annulled the expropriation procedure carried out by Alperia in relation to Mr. Sauto's property. Such decision was not challenged by Alperia, and therefore it became definitive and final.

On 13 March 2017, Mr Sauto requested that the Civil Court of Appeal of Bolzano (*Corte di Appello di Bolzano*) resume the Civil Proceeding with the aim of recovering the relevant legal costs and expenses. The next hearing is scheduled for 20 September 2017 and Mr. Sauto and Alperia are currently trying to settle the dispute.

Appointment of Alperia's Board of Directors

Gianfranco Piccolin served a claim upon Alperia, before the Administrative Court of Bolzano (*Tribunale Regionale di Giustizia Amministrativa Sezione Autonoma di Bolzano*), seeking the annulment of the appointment of the delegates of the Municipality of Bolzano within Alperia's Board of Directors.

Alperia joined such proceeding filing a statement of defence, by means of which it challenged – *inter alia* – the jurisdiction of the Administrative Court, alleging that case should be decided by Ordinary Courts.

Following the challenge of the jurisdiction as mentioned above, the Administrative Court of Bolzano (*Tribunale Regionale di Giustizia Amministrativa Sezione Autonoma di Bolzano*) suspended the relevant proceeding, in order to wait for the Italian Supreme Court (*Corte di Cassazione*) to ascertain whether the case had to be decided by the Administrative Courts or by the Ordinary Courts.

By means of the decision No. 19676/2016, passed on 21 June 2016, the Italian Supreme Court (*Corte di Cassazione*) stated that the claim brought by Gianfranco Piccolin against Alperia had to be decided by Ordinary Court.

As of today, the proceeding has not yet been resumed by Mr Gianfranco Piccolin.

Alpine Energy Settlement Agreement

On 12 December 2016, Alperia entered into a settlement agreement with Alpine Energy S.r.l. and its sole shareholder, Mr. Josef Thomas Steinhauser. The agreement provides, *inter alia*, for discontinuance of the proceedings referred to under "*Administrative and criminal proceedings related to hydroelectric plants concessions - Re-examination process*" and "*Administrative and criminal proceedings related to hydroelectric plants concessions - Brunico, Lappago and Molini di Tures hydroelectric concessions*" above, as well as the commitment by Alpine Energy S.r.l., Mr. Josef Thomas Steinhauser, Mr. Michael Kirchner and the company Aurino Energia S.p.A. not to lodge any further appeals, claims and any other action regarding the concessions currently granted to the Alperia Group.

The envisaged indemnity will be paid by SEH (now AGP), as the party directly interested in the settlement of the disputes, subject only to the fulfilment of the agreement and the occurrence of a series of conditions precedent. A provision has been made in the 2016 Annual Audited Consolidated Financial Statements to cover the full amount of this transaction.

231 Litigation

In April 2016, Biopower Sardegna S.r.l. ("**Biopower Sardegna**") was served with a notice of investigation by the criminal court of Nuoro for alleged violations of Legislative Decree 231/2001 concerning the administrative liability of legal persons in relation to alleged water pollution.

The investigations were carried out in relation to a spillage of urea (a chemical substance made by ammonia nitrogen) that occured in July 2014 in the Biopower Sardegna plant located in Ottana (NU); such substance appears to have polluted the waters that flow into the Tirso river, thus damaging the water and also the animals living in the river. The allegation is that the urea spillage was caused by negligence of certain employees of Ottana Energia S.p.A., the company in charge of the maintenance of the plant pursuant to a maintenance contract entered into with Biopower Sardegna. The notice of investigation was addressed (i) to the employees of Ottana Energia S.p.A. in relation to negligence and to the improper discharge of the urea, damaging the surrounding area, (ii) to Mr Paolo Clivati in his quality of director and legal representative *pro tempore* of Biopower Sardegna and (iii) to Biopower Sardegna itself in relation to the fact that such environmental crimes could have had happened in its interest and to its advantage.

On 24 May 2017, the employees of Ottana Energia S.p.A., Mr Paolo Clivati and Biopower Sardegna itself were directly summoned before the criminal court of Nuoro by the Public Prosecutor at the criminal court of Nuoro. The next hearing is currently envisaged to take place on 11 December 2017.

Should the court find Ottana Energia S.p.A.'s employees and Mr Paolo Clivati guilty, the criminal proceedings may result in a criminal conviction against Biopower Sardegna based on violations of Legislative Decree 231/2001. In particular, in case of negative outcome, such criminal conviction may result, *inter alia*, in (i) the payment of a monetary sanction ranging approximately from Euro 38,700 to Euro 387,250, (ii) the

seizure of the proceeds or profits of the offence (if any) and (iii) the compensation for damages (which currently cannot be quantified accurately).

RECENT DEVELOPMENTS

Dividend distribution

As at 31 December 2016, the profits (*utili*) resulting from the 2016 financial statements of Alperia amounted to Euro 15,956,142. On 22 June 2017, the Shareholders meeting of Alperia resolved upon the allocation of such profits as follows:

(i) Euro 797,807 to legal reserve; and

(ii) Euro 15,158,335 as dividends to be paid to the Shareholders.

REGULATION

EU and Italian laws comprise significant regulation in relation to, inter alia, the production, transport and distribution of electricity as well as the transport, distribution and sale of gas and the public utilities businesses in general. The main legislative and regulatory measures applicable to the Alperia Group 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 relevant applicable laws and regulation. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the Alperia Group 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.

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 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**"). Legislative Decree 93/2011 provided for the unbundling of the Transmission System Operator (TSO) and it applies, in general, to all the companies operating in the gas and electricity sectors. In particular, functional unbundling obligations apply to Italian or foreign companies operating on Italian territory which are vertically integrated and carry on one or more of the following activities:

(a) distribution of electricity;

(b) storage of natural gas;

(c) re-gasification of liquefied natural gas;

(d) regional transportation of natural gas; and

(e) distribution of natural gas.

With specific reference to companies operating in distribution of electricity and distribution of natural gas sectors, Alperia is required to implement brand identity separation and communication policies, in order avoid any

connection to companies operating in the sale of electricity or natural gas, vertically integrated or belonging to the same corporate group and which may lead to confusion for the public.

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

The Ministry for Economic Development ("**MED**") and the national Regulatory Authority for Electricity, Gas and Water ("**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.

Pursuant to the Decree of the President of the Republic no. 235/1977 and the Trentino - Alto Adige Statute, the regulatory functions related to energy sector (i.e. research, production, storage, transport and distribution activities) have been transferred to the competent autonomous Province and, as far as the Bolzano territory is concerned, to the PAB.

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 provides, *inter alia*, for the separation of generation, transmission and distribution activities, the introduction of free competition in power generation and the gradual opening of the retail market to competition for consumers meeting certain consumption thresholds (the so-called "free market"), while maintaining a regulated monopoly structure for power transmission and distribution.

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 redefined incentives for renewable sources, based on a combination of the residual term for the incentive and its extent in time.

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: (i) the Energy Efficiency Certificate system, (ii) the tax deductions and (iii) 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 ensuring adequacy of the system to cover the demand with the necessary reserve margins. This mechanism 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 S.p.A. (the company that manages electricity transmission in Italy), 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.

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 by the determination no. 6 dated 29 aprile 1992 of the Interministerial Prices Committee of the Italian government (the so called "**CIP-6 Regulation**"). 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[8], 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 tariff or a 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. As at the date of this Base Prospectus, no further incentives are granted to new photovoltaic plants.

With regards 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:

[8] 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%).

- an extension of the incentivised 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 declared as "ungrounded" the query on the constitutional legitimacy of art. 26 paragraph 3 Spalma-Incentivi.

As far as the hydroelectric sector is concerned, the current method of promotion of electricity production from hydroelectric plants is determined by Ministerial Decree 6 July 2012 regarding the methods of electricity incentive produced by plants feed by renewable sources other than solar energy, having nominal power capacity not lower than 1 kW. The incentives apply to newly built plants and plants that are fully reconstructed, re-activated, upgraded/repowered or renovated and that commence operations after 1 January 2013.

Large hydroelectric concessions

Exercising electricity generation plants feed by hydroelectric energy are subject to obtaining a public concession granted as a consequence of a public tender. The specific proceedings for the awarding of the concessionaire title is regulated by article 7 of the Royal Decree No. 1775/1933. According to article 21 of such decree all the concessions are temporary (*i.e.* granted for a determined period of time).

Pursuant to article 37 of the Law Decree no. 83/2012, (the so called "**Monti Decree**") amending article 12 of the Bersani Decree, regulating the tender procedures for large hydroelectric concessions, it is required that the relevant public tenders are announced five years before the expiration date of the existing concession title. With specific reference to concessions going to expire by 31 December 2017, for which the five-year period is technically not applicable, the relevant duration has been extended until 31 December 2017.

With specific reference to the Trentino – Alto Adige Region, the issuance of new licenses for large hydroelectric concessions is managed by the Province, pursuant to the Decree of the President of the Republic No. 235/1977 (*i.e.* the regulation of the Trentino – Alto Adige implementing the Statute regarding the energy matter), that has transferred such specific function to the competent Province.

Each concession is governed by agreements with the relevant grantor requiring the relevant concession holder to comply with certain obligations (including performing regular maintenance). Each concession holder is subject to penalties or sanctions for the non-performance or default under the relevant concession. 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. Furthermore, in accordance with general principles of Italian law, a concession can 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. However, 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 indemnity due to the former concession holder, there is often a dispute between the parties regarding the quantification of the indemnity. Litigation in this respect is frequent. In the case of expiry of a concession at its stated maturity date as well as in the case of early termination for any reason (including failure by a concession holder to fulfil its material obligations under its concession), each concession holder must continue to operate the concession until it is replaced by the new incoming concession holder.

With respect to large hydroelectric concessions, a "*prorogatio* regime" refers to every kind of extension of the expiry term to manage an hydroelectric plant concession, including the one indicated by Article 12, Paragraph 8-*bis* of the Italian Legislative Decree No. 79/1999, by means of which should, at the expiry date of an hydroelectric plant concession, the process related to the nomination of the new holder not yet completed, the previous holder continues to manage the hydroelectric plant until the winner of the procedure succeeds. Furthermore, according to judgment No. 101/2016 issued by the Supreme Court (*Corte Costituzionale*) this kind of *prorogatio* regime is lawful and valid.

As at the date of this Base Prospectus, the Alperia Group's hydroelectric plants are located exclusively in the Trentino-Alto Adige Region. For further information, see "*Business Description - Business of the Alperia Group"* and "*Business Description - Concessions"* above.

Transmission and distribution

The two others activities related to electricity are (i) "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 (ii) "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.

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 turbolences. 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).

As at the date of this Base Prospectus, the Alperia Group deals with the electricity distribution in several municipalities of the Province of Bolzano pursuant to Decree of the President of the Republic No. 235/1977. For further information, see "*Business Description - Business of the Alperia Group"* and "*Business Description - Concessions"* above.

Sale of electricity

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*.

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 "**Single Buyer**"). 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 such relation AEEGSI issued several resolutions increasing the number of geographical areas for bid 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 is effective from 1 January 2017 and has replaced 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 Decision 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 regards 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.

As at the date of this Base Prospectus, the Alperia Group acts both in the domestic and non domestic costumer markets, which have been both liberalized. For further information, see "*Business Description - Business of the Alperia Group"* above.

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[9] 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 period. Operators are required to provide storage services to third parties upon request, with priority for residential

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

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.

As at the date of this Base Prospectus, the Alperia Group does carry out some gas storage activity through Azienda Energetica Trading S.r.l.

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)[10]. 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 the latter of the compensation figure provided for under article 14, paragraph 8 of the Letta Decree.

The Law Decree of 23 December 2013, No.145 introduced a dual methodology enhancement of networks (i) RAB ("**Regulatory Asset Base**") value that is recognised 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 to 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 composed of eight parameters covering, *inter alia*, general system charges, retail sale costs, etc. Pursuant to Article

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

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 n.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.

The Alperia Group acts as concessionaire in the gas distribution market of the 58 municipalities of the Province of Bolzano and in the Municipality of Merano through Selgasnet and AE Reti. Following completion of the divestment of its shareholding in Selgasnet to be carried out to comply with the Italian Antitrust Authority's merger control clearance decision, the Alperia Group will hold only the concession for the gas distribution in the Municipality of Merano. For further information in this respect, see also "*Business Description of the Issuer and the Alperia Group – Italian Antitrust Authority's Merger control clearance decision*" and "*Risks related to the conditional antitrust clearance of the merger between AEW and SEL*" above. Following the reorganisation of the Distribution/Energy Infrastructures Business Unit and the winding-up of AE Reti (for further information in this respect, see also "*Description of the Issuer and the Alperia Group – Corporate reorganisation of the Alperia Group - Alperia Group tomorrow – Envisaged corporate reorganisation plan*" above), the holder of the concession for the gas distribution in the Municipality of Merano will be Edyna S.r.l.

Sale of natural gas

Sale of gas to end-users requires authorisation from the MED, which can 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 and published by the MED 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. 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.

As at the date of this Base Prospectus, the Alperia Group operates in the sale of natural gas sector through Selgas and Alperia energy. Upon completion of the sale of a going concern of Selgas to be carried out to comply with the IAA's merger control clearance decision, the Alperia Group will carry out the sale of natural gas business through a

different company. For further information in this respect, see also "*Implementation of the Italian Antitrust Authority's merger control clearance decision*" above.

Heating service

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 AEEGSI. At the date of this Prospectus the AEEGSI has started the first data collection from the operators, addressed to develop the first resolutions on heating/cooling service regulation.

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 methods of the supply of the meters to the end users as well the methods 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 methods 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 methods 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.

As per the applicable regulation, gas and electricity distributors, including Alperia, can fulfil their obligation to achieve quantitative objectives of primary energy saving by carrying out energy-efficiency projects entitling them to the white certificates or acquiring the latter from other parties on the energy efficiency certificates market organised by the GME (please refer to the paragraph below "ENVIRONMENTAL REGULATION IN ITALY"). In particular, projects aiming to issue white certificates may be submitted, *inter alia*, by gas and electricity distributors with more than 50,000 final costumers, companies operating in the energy services sector as well as companies and institutions with an energy management system pursuant to the ISO 50001 certified according to UNI CEI 11352 and UNI CEI 11339 rules.

The Alperia Group is currently the owner and the manager of heating plants in Bolzano, Merano, Chiusa, Latfons and Sesto Pusteria. For further information, see "*Business Description - Business of the Alperia Group"* above.

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 AEEGSI) 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.

The previous 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).

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 EU. The EU ETS works on the "cap and trade" principle. A cap 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 the 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[11]; 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

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

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.

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 provides 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 (lower than the thresholds set forth in Table 1 of Schedule 5 to part IV of the Legislative Decree No. 152/06), 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 the case of a potential pollution event, the party "responsible" for the pollution is required to immediately inform the relevant authority, implement all the necessary emergency containment measures to prevent further damage, and perform a preliminary investigation of the site. If, following the preliminary investigation, soil, and/or groundwater Contamination Screening Levels (CSLs) are exceeded, the responsible party must inform the appropriate authorities, prepare a site characterization plan, and submit the plan to the relevant authorities for approval. Following approval of the characterization plan, the responsible party must implement it.

According to article 245 of D.Lgs. No.152/2006, if the polluter is not identifiable or available, other "interested but not responsible parties" (i.e., landowner or site tenant) must notify the PAs instead. Notification to the Authorities would trigger a formal request by the PAs for a site-wide investigation and possibly emergency containment actions, the cost of which would be borne by the current owner/tenant, unless a clearly responsible polluter is identified (e.g., previous owners or off-site sources). The owner/tenant has the right to later attempt to reclaim its costs from the responsible party once the responsible party is identified.

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**). 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.

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. Almost all such provisions have been repealed after a referendum held on 12 and 13 June 2011 (the "**Referendum**").

As of today (following the Referendum, the re-introduction of provisions analogous to those repealed by the Referendum and the consequent repeal of such new provisions by the Constitutional Court with judgement No. 199/2012) public services shall be awarded according to EU 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 EU 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 (so-called Public Agreement Code).

Delegation Law 124/2015 approved the so-called "Public Administration Reform" (or "**Madia Reform**", from the name of the Minister), 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 awaiting targeted audits also following the pronouncement ruling of the Constitutional Court No. 251/2016 on the Delegation Law No. 124/2015.

TAXATION

Italian Taxation

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

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

This overview also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Base Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this overview. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview, English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

*This overview assumes that the Notes are listed on a regulated market or on a multi-lateral trading platform of any EU Member State or of a State party to the European Economic Area which is included in the white list provided for by the Ministerial Decree to be issued pursuant to Article 11 of Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") as amended and supplemented from time to time (currently, reference is made to list included in the Ministerial Decree of 4 September 1996 –* a "**White List**"*).*

The statements herein regarding taxation are based on the laws in force in the Republic of 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. The Issuer will not update this overview to reflect changes in laws and if such a change occurs the information in this overview could become invalid.

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

Interest on the Notes

Notes qualifying as bonds or securities similar to bonds

Decree 239 regulates the income tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as Interest) from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by:

(a) companies whose shares are traded (*negoziate*) on a regulated market or on a multi-lateral trading platform of any EU Member State or of a State party to the European Economic Area which is included in the White List; or

(b) companies whose shares are not listed as indicated above, *provided that* the notes are listed on the aforementioned regulated markets or platforms;

(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 this purpose, securities similar to bonds are securities issued in bulk that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow any direct or indirect participation either in the management of the issuer or in the business in connection with which they have been issued, nor any control on such management.

Italian resident Noteholders

Where an Italian resident Noteholder, who is the beneficial owner of the Notes, is (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless he has opted for the application of the *risparmio gestito regime*, see paragraph "Capital gain" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a substitutive tax, referred to as *imposta sostitutiva*, levied at the rate of 26% (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). The *imposta sostitutiva* may not be recovered by the Noteholder as a deduction from the income tax due.

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 in law No. 96 dated 21 June 2017 published in the Italian Official Gazette on 23 June 2017).

If the Notes are held by an investor - described above under (i) to (iii) - engaged in a business activity and the Notes are effectively connected with the same business activity, the Interest is subject to the *imposta sostitutiva* and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to the Decree 239, *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* (SIMs), *società di gestione del risparmio* (SGRs), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Economy and Finance (the Intermediaries).

An Intermediary must satisfy the following conditions:

(i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of an intermediary resident outside of Italy; or (c) an organisation or company non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 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 *imposta sostitutiva*, a transfer of the Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes.

Where the Notes are not deposited with an Intermediary, *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so called discretionary investment portfolio regime (*Risparmio Gestito* regime as defined and described in "Capital Gains", below). In such a case,

Interest is not subject to *imposta sostitutiva* but contributes to determine the annual net accrued result of the portfolio, which is subject to an *ad hoc* substitutive tax of 26% on the results.

The *imposta sostitutiva* also does not apply to the following subjects, to the extent that the Notes and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

(A) *Corporate investors*

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (I) the relevant Noteholder's yearly taxable income for the purposes of corporate income tax ("**IRES**"), generally applying at the current ordinary rate of 24%; and (II) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities ("**IRAP**"), generally applying at the rate of 3.9% (certain categories of taxpayers, including banks, financial entities and insurance companies, are subject to higher IRAP rates). The IRAP rate can be increased by regional laws up to a certain threshold. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;

(B) *Investment funds*

Italian investment funds (including a *Fondo Comune d'Investimento*, or a SICAV, as well as Luxembourg investment funds regulated by Article 11 bis of Law Decree No. 512 of 30 September 1983, or a SICAF to which the provisions of Article 9 (2) of Legislative Decree No. 44 of 4 March 2014 apply, collectively, the "**Funds**") are neither subject to substitutive tax nor to any other income tax, *provided that* either the Fund or the Fund's manager is subject to the supervision of a regulatory authority. Proceeds payable by the Funds to their quotaholders is generally subject to a 26% withholding tax;

(C) *Pension funds*

Pension funds (subject to the tax regime set out by Article 17 of Legislative Decree No. 252 of 5 December 2005, the "**Pension Funds**") are subject to a 20% substitutive tax on their annual net accrued result; and

(D) *Real estate investment funds and Real Estate SICAFs*

Interest payments in respect of the Notes to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented (the "**Real Estate Investment Funds**") are generally subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds. Unitholders are generally subject to a 26% withholding tax on distributions from the Real Estate Investments Funds. A direct imputation system (tax transparency) for certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5% of the units of the fund applies.

Pursuant to Article 9 of Legislative Decree No. 44 of 4 March 2014, the same regime applicable to Real Estate Investment Funds also applies to Italian resident *società di investimento a capitale fisso* ruled by Legislative Decree No. 58 of 24 February 1998, exclusively or primarily investing in real estate in the measures provided under the applicable implementing regulations ("**Real Estate SICAFs**").

Non-Italian resident Noteholders

An exemption from *imposta sostitutiva* on Interest on the Notes is provided with respect to certain beneficial owners resident outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to the Decree 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Notes who: (i) is resident, for tax purposes, in a White List country; or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the

Republic of Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or (iv) is an institutional investor which is established in a White List country, even if it does not possess the status of taxpayer in its own country of establishment (each, a "**Qualified Noteholder**").

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List country identifies two categories of intermediaries:

(i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via electronic link, with the Italian tax authorities (the "**Second Level Bank**"). The international Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (currently, Euroclear and Clearstream) are treated as Second Level Banks, *provided that* they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239.

In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for the Noteholders who are non-resident in Italy is conditional upon:

(i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares that it is eligible to benefit from the exemption from *imposta sostitutiva*. Such statement must comply with the requirements set out by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorised to manage the official reserves of a State.

Additional requirements are provided for "institutional investors".

In the case of non-Italian resident Noteholders not having a permanent establishment in Italy to which the Notes are effectively connected, the *imposta sostitutiva* may be reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation.

Capital Gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November 1997 (the "**Decree 461**") a 26% capital gains tax (the "**CGT**") is applicable to capital gains realised on any sale or transfer of the Notes for consideration by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

Taxpayers can opt for one of the three following regimes:

(a) Tax return regime (*Regime della Dichiarazione*)

The Noteholder must assess the overall capital gains realised in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward into the following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that the same does not opt for any of the two other regimes;

(b) Non-discretionary investment portfolio regime (*Risparmio Amministrato*)

The Noteholder may elect to pay the CGT separately on capital gains realised on each sale or transfer of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or other authorised intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale or transfer of the Notes, as well as in respect of capital gains realised at the revocation of its mandate. The intermediary is required to pay the relevant amount to the Italian tax authorities, by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale or transfer of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Noteholder is not required to declare the gains in his annual income tax return; and

(c) Discretionary investment portfolio regime (*Risparmio Gestito*)

If the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realised, is subject to an ad-hoc 26% substitutive tax, which the asset management company is required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in his annual income 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 in law No. 96 dated 21 June 2017 published in the Italian Official Gazette on 23 June 2017).

The aforementioned regime does not apply to the following subjects:

(A) *Corporate investors*

Capital gains realised on the Notes by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains have also to be included in the taxable net

value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax value of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years.

(B) *Investment Funds*

Capital gains realised by the Funds on the Notes are not taxable at the level of same Funds (see *Italian Resident Noteholders*, above).

(C) *Pension Funds*

Capital gains realised by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to an *ad hoc* substitutive tax (see *Italian Resident Noteholders*, above).

(D) *Real Estate Investment Funds and Real Estate SICAFs*

Capital gains realised by Real Estate Investment Funds and Real Estate SICAFs on the Notes are not taxable at the level of same Real Estate Investment Funds and Real Estate SICAFs (see *Italian Resident Noteholders*, above).

Non Italian resident Noteholders

Capital gains realised by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected) on the disposal of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are traded in a regulated market in Italy or abroad (e.g. the Irish Stock Exchange).

Should the Notes not be traded in a regulated market as indicated above, the aforesaid capital gains would be subject to tax in Italy, if the Notes are held by the non-resident Noteholder therein. Pursuant to Article 5 of Decree 461, an exemption, however, would apply with respect to beneficial owners of the Notes, which are Qualified Noteholders.

In any event, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a tax treaty with Italy providing that capital gains realised upon sale or transfer of Notes are taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realised upon any such sale or transfer.

Registration tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (atti *pubblici e scritture private autenticate*) executed in Italy should be subject to fixed registration tax (Euro 200); (ii) private deeds (*scritture private non autenticate*) should be subject to fixed registration tax (Euro 200) only in "case of use" or voluntary registration.

Inheritance and gift tax

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

(i) 4% if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applying on the net asset value exceeding, for each person, €1 million);

(ii) 6% if the beneficiary (or donee) is a brother or sister (such rate only applying on the net asset value exceeding, for each person, €100,000);

(iii) 6% if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree; and

(iv) 8% if the beneficiary is a person, other than those mentioned under (i), (ii) and (iii), above.

In case the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding €1.5 million.

Stamp duty

Pursuant to Article 19 (1) of Law Decree No. 201 of 6 December 2011, converted into law, with amendments, by Law No. 214 of 22 December 2011 (the "**Decree 201**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.2%; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed, for taxpayers different from individuals (e.g., for corporate entities and other bodies), €14,000.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on securities deposited abroad

Pursuant to Article 19 (18) of Decree 201 (as subsequently amended by Law No. 161 of 30 October 2014), Italian resident individuals holding the Notes outside the Italian territory are required to pay a wealth tax at a rate of 0.2%. Such tax is due only in cases where the stamp duty described in the previous paragraph (*Stamp duty*) is not due. This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial products (*prodotti finanziari*) held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013, individuals, non-profit entities and certain partnerships resident in Italy which, in the course of the fiscal year, have held investments abroad or financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Such obligation is not provided for, inter alia, foreign investments or financial activities in case (a) such investments/activities are held in portfolio regimes with Italian resident intermediaries and (b) incomes deriving from such investments/activities are subject in Italy to a withholding/substitutive tax.

Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**") in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the ("**Participating Member States**"). However, Estonia has since stated that it will not participate.

Pursuant to the Draft Directive, the FTT would be payable on financial transactions *provided that* at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the

financial transaction. Among others, FTT would however not be payable on primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates for the FTT would be fixed by each Participating Member State but would amount for transferrable financial instruments other than derivatives to at least 0.1 per cent. of the taxable amount. The taxable amount would in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT would be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Where the FTT due has not been paid on time, each party to a financial transaction, including persons other than financial institutions would become jointly and severally liable for the payment of the FTT due.

In particular, the sale, purchase and exchange of the Notes would be subject to the FTT at a minimum rate of 0.1 per cent. provided the above-mentioned prerequisites are met. The holder may be liable to pay this charge or reimburse a financial institution for the charge and/or the charge may affect the value of the Notes. To the contrary, the issuance of Notes under the Programme would not be subject to FTT.

The Draft Directive is still subject to negotiations among the Participating Member States and therefore might be changed at any time. Moreover, the provisions of the Draft Directive once adopted (the "**Directive**") need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the provisions contained in it. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing, purchasing, holding and disposing the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 19 September 2017 (such programme agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") agreed with the Issuer the basis upon which they or any of them or each further Dealer if any appointed under the Programme may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Public Offer Selling Restriction under the Prospectus Directive

Prior to 1 January 2018, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto (or are the subject of a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their

businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(b) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with all Italian securities, tax and exchange controls and other applicable laws and regulations:

(i) to qualified investors (*investitori qualificati*), as defined in Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**Regulation No. 16190**") pursuant to Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"), implementing Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to the Financial Services Act and other applicable laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time (where applicable to the Dealers); and

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

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The update of the Programme was authorised by a resolution of the *Consiglio di Gestione* and a resolution of the *Consiglio di Sorveglianza* of the Issuer, both dated 27 July 2017.

The issue of Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's By-Laws. Each issuance resolution (*delibera di emissione*) shall be passed in notarial form and registered in the competent Companies' register (*Registro delle imprese*).

Listing of Notes, Approval and Admission to Trading

The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive, as a "base prospectus" for the purposes of the Prospectus Directive. The Issuer may apply to the Irish Stock Exchange for Notes of a particular Series offered pursuant to this Base Prospectus to be listed on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange during the period of 12 months from the date of this Base Prospectus. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection in hardcopy from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London.

(a) the By-laws (*statuto*) of the Issuer (with an English translation thereof);

(b) the Issuer 2014/2015 Audited Financial Statements;

(c) the 2016 Audited Consolidated Financial Statements;

(d) the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus; and

(f) any future Base Prospectus, prospectuses and supplements (inlcuding Final Terms in respect of listed Notes).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Trend information

Save as disclosed in the section "*Description of the Issuer and the Alperia Group*" above, there has been no material adverse change in the prospects of Alperia and its subsidiaries taken as a whole since 31 December 2016.

Significant change in the Issuer's financial or trading position

Save as disclosed in the section "*Description of the Issuer and the Alperia Group*" above, there has been no significant change in the financial or trading position of Alperia and its subsidiaries taken as a whole since 31 December 2016.

In the foregoing statement required by the Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, references to the "financial or trading position" is, in the interpretation of the Issuer, specifically to its ability to meet its payment obligations under the Notes in a timely manner.

Litigation

Save as disclosed in the section "*Description of the Issuer and the Alperia Group – Legal Proceedings*" above, 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.

Material Contracts

Save as disclosed in "*Business Description of the Group – Long-term contracts – The off-take agreement with Edison*" above, neither the Issuer nor any of its consolidated subsidiaries has, since 31 December 2016, entered into any contracts outside the ordinary course of business that could have a material adverse effect on the ability of the Issuer to meet its obligations under Notes issued under the Programme.

Auditors

The current auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's accounts, without qualification, in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union, for the financial year ended on 31 December 2016 and 31 December 2015 (the Issuer was incorporated in November 2014).

PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of independent auditors held by the Ministry of Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI and it is registered at the "**PCAOB**".

The auditors' report in respect of the Unaudited Pro Forma Consolidated Financial Information is incorporated in this Base Prospectus in the form and context in which it is incorporated, with the consent of PricewaterhouseCoopers S.p.A. who have authorised the contents of that part of this Base Prospectus.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, may have engaged, and may in the future engage, in lending, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates (including parent companies) may have made and may make or may have

held and may 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 Issuer's affiliates. Certain of the Dealers or their affiliates (including parent companies) that may have had or may in the future have a lending relationship with the Issuer may have hedged or may in the future hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates (including parent companies) may also have made or may make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may have held and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term ‘affiliates’ includes also parent companies.

ISSUER

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To the Dealers as to English and Italian law

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