

Listing Particulars



Società Elettrica Trentina per la Distribuzione di Energia Elettrica S.p.A.

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

€110,000,000 4.60 per cent. Fixed Rate Notes 2006 / 2029 unconditionally and irrevocably guaranteed by the Autonomous Province of Trento

The €110,000,000 4.60 per cent. Fixed Rate Notes 2006 / 2029 (the "**Notes**") of Società Elettrica Trentina per la Distribuzione di Energia Elettrica S.p.A. or, in abbreviated form, SET Distribuzione S.p.A. ("**SET**" or the "**Issuer**") were originally issued on 1 August 2006 at an issue price of 100 per cent. of their principal amount and are unconditionally and irrevocably guaranteed by the Autonomous Province of Trento (*Provincia Autonoma di Trento*) (the "**Province**" or the "**Guarantor**") pursuant to a guarantee agreement (*contratto di fideiussione*) dated 27 July 2006 (the "**Guarantee**").

The Notes are in denominations of €100,000 only and will be redeemed in full on 1 August 2029. The Notes are not subject to any early redemption at the option either of the Issuer or of the Noteholders.

The Notes bear interest from 1 August 2006 at a rate of 4.60 per cent. per annum, payable half-yearly in arrear on 1 February and 1 August each year. Payments on the Notes are made in Euros and are subject to withholding tax pursuant to Article 26 of Presidential Decree No. 600 of 29 September 1973. See "*Risk Factors — Payments in respect of the Notes are subject to withholding tax*".

Pursuant to Article 1(2)(d) of Directive 2003/71/EC (as amended, the "**Prospectus Directive**"), the Notes are not securities to which the Prospectus Directive applies. Accordingly, these Listing Particulars do not constitute a prospectus and have not been approved as such by any competent authority for the purposes of that Directive.

These Listing Particulars have been reviewed by the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for compliance with the listing conditions of the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List and to trading on its regulated market (the "**Main Securities Market**") with effect from 14 February 2018.

These Listing Particulars are available for viewing on the Irish Stock Exchange's website (www.ise.ie) and the documents incorporated by reference herein may be accessed on the Issuer's website (see "*Information Incorporated by Reference*"). Any website referred to in this document does not form part of these Listing Particulars.

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

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

14 February 2018

IMPORTANT NOTICES

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

These Listing Particulars should be read in conjunction with all information which is incorporated by reference in and forms part of these Listing Particulars (see "*Information Incorporated by Reference*").

The information contained in the section "*Description of the Guarantor*" has been obtained solely from publicly available information and the translation of extracts from the Guarantee in "*Form of the Guarantee*" has been prepared by the Issuer and solely for the purposes of preparing these Listing Particulars. The Guarantor has neither reviewed these Listing Particulars nor verified the information contained in them, and makes no representation, warranty or undertaking, express or implied, with respect to, and does not accept any responsibility or liability for, the contents of these Listing Particulars or any other statement made or purported to be made on its behalf in connection with the Issuer or the Notes. The Guarantor accordingly assumes no liability, whether arising in contract, tort or otherwise, which it might otherwise have in respect of these Listing Particulars or any such statement.

These Listing Particulars do not constitute a prospectus for the purposes of the Prospectus Directive and, accordingly, do not purport to meet the format and disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive. Neither have they been, nor will they be, submitted for approval to any competent authority within the meaning of the Prospectus Directive.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in these Listing Particulars or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or by the Guarantor.

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

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

These Listing Particulars have been published solely for the purpose of obtaining admission of the Notes to trading on the regulated market of the Irish Stock Exchange. Neither these Listing Particulars nor any other information supplied in connection with the Notes constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to any person to purchase any Notes. The distribution of these Listing Particulars and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Guarantor represents that these Listing Particulars may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Guarantor which is intended to permit a public offering of the Notes or the distribution of these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither these Listing Particulars nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

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

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

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

PRESENTATION OF FINANCIAL INFORMATION

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

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

CERTAIN DEFINED TERMS

In these Listing Particulars, unless otherwise specified:

- (i) the “**ARERA**” means the Italian Energy, Networks and Environmental Regulation Authority (*Autorità di Regolazione per Energia Reti e Ambiente*), formerly known as the AEEGSI or *Autorità per l’Energia Elettrica il Gas e il Sistema Idrico*;
- (ii) references to “**billions**” are to thousands of millions;
- (iii) references to the “**Conditions**” are to the terms and conditions relating to the Notes set out in these Listing Particulars in the section “*Terms and Conditions of the Notes*”;
- (iv) 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;
- (v) the “**Guarantee**” means the guarantee agreement (*contratto di fideiussione*) entered into with the initial subscriber of the Notes dated 27 July 2006, by which the Guarantor has irrevocably and unconditionally guaranteed the Issuer’s payment obligations under the Notes;
- (vi) the “**Guarantor**” means the Autonomous Province of Trento (*Provincia Autonoma di Trento*);
- (vii) the “**Irish Stock Exchange**” means the Irish Stock Exchange plc;
- (viii) the “**Issuer**” or “**SET**” means Società Elettrica Trentina per la Distribuzione di Energia Elettrica S.p.A. or, in abbreviated form, SET Distribuzione S.p.A.;
- (ix) the “**Main Securities Market**” means the regulated market of the Irish Stock Exchange;
- (x) “**Monte Titoli**” means Monte Titoli S.p.A.;
- (xi) “**person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and
- (xii) the “**TUF**” means Italian Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza*).

TABLE OF CONTENTS

RISK FACTORS	6
INFORMATION INCORPORATED BY REFERENCE.....	15
TERMS AND CONDITIONS OF THE NOTES	16
FORM OF THE GUARANTEE	21
DESCRIPTION OF THE ISSUER	26
DESCRIPTION OF THE GUARANTOR.....	33
SUBSCRIPTION AND SALE	37
GENERAL INFORMATION.....	39

RISK FACTORS

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

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

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

Risks relating to the Issuer

Risks relating to the legislative and regulatory context

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

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

Risks relating to changes in tariff levels

The Issuer's revenues are closely linked to the tariffs which currently apply to electricity distribution. Tariff regulation is set by the AEEGSI before the start of each regulatory period. With reference to electricity distribution activity under Resolution No. 645/2015, the AEEGSI set out the mandatory tariffs to be applied to end customers for 2016 as well as the criteria for the new tariff period which will be in force for the next eight years.

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

Risks relating to quality standards

The Issuer is required to comply with certain quality standards for the distribution of electricity to end users, as well as certain standards of security, continuity and commercial quality with respect to electricity distribution. Failure to comply with these standards may result in the Issuer having to indemnify end users or pay penalties and/or fines. Although the Issuer believes that it currently complies with the relevant quality and safety standards, any future breach of these standards could adversely affect the Issuer's business, financial condition and results of operations.

Risks relating to investments

The Issuer has invested and continues to invest in its electricity distribution network which it owns and/or operates under concession agreements. There is no assurance that the investment strategies implemented by the Issuer will be successful, as they may be interrupted or delayed due to difficulties in obtaining environmental and/or administrative authorisations or opposition from political groups or other organisations, or may be influenced by changes being made to the price of equipment, materials and labour and the political or regulatory framework or the Issuer becoming unable to raise funds at acceptable interest rates. Such delays could affect the ability of the Issuer to meet regulatory and other environmental performance standards and could adversely affect the Issuer's business, financial condition and results of operations.

Risks relating to interruption of the Issuer's distribution network

The Issuer is continuously exposed to the risk of interruption of its distribution network due to the malfunctioning of infrastructure (transport/distribution networks) and plants (delivery points) resulting from events outside of the Issuer's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as any unavailability of equipment or IT systems of critical importance for the Issuer's business activities caused by material damage to equipment, components or data. Any such events could compromise the network, result in loss of income and/or cost increases, damage the Issuer's reputation and, overall, have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risks relating to issues encountered along the supply and distribution chain

Peak demand periods may coincide with times when there is a shortage of electricity. In addition, the Issuer could experience problems with the delivery of electricity to customers due to an interruption of the operation of the electricity transmission network. If the Issuer encounters these issues, it could be forced to limit or suspend its business. Additional risks could be related to a failure by suppliers or consultants (for primary services such as materials supply, technical service and support service such as IT specialists, legal, consultancy, etc) to provide the services requested by the Issuer in due time or with reasonable skill and care. All of the above risks could adversely affect the Issuer's business, financial condition and results of operations of the Issuer.

Funding and liquidity risks

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements are coordinated at group level by Dolomiti Energia Holding's central finance department in order to achieve consistency between

financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Group's prescribed limits. The Group's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources.

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

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

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

Risks relating to credit management

The Issuer is exposed to the risk that its receivables will not be paid as they fall due, in particular by operators in the electricity sales business. The Group is implementing its credit policy for assessing the credit standing of its main customers and other financial counterparties, monitoring predicted credit collection flows, issuing payment reminders, extending payment deadlines in certain circumstances, requesting bank or insurance guarantees, and implementing suitable recovery steps (including legal proceedings). Notwithstanding the foregoing, there can be no assurance that the steps taken by the Issuer to manage and monitor credit risk are effective to limit exposure to losses, which could adversely affect its business, financial condition and results of operations.

Risks relating to legal proceedings or investigations by the authorities

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

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

Risks relating to insurance coverage

The Issuer maintains insurance coverage in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage, business interruption and personal injury claims. However, there can be no assurance that: (i) the Issuer will be able to maintain the same

insurance cover in the future (on acceptable terms or at all); (ii) claims will not exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be willing and able to meet their obligations; or (iv) the Issuer's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of any liabilities ultimately incurred.

Risks relating to skills and expertise and know-how of the Issuer's employees

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

Risks relating to potential disputes with employees

Disputes with the Issuer's employees may arise both in the ordinary course of the Issuer's business or from one-off events, such as mergers and acquisitions or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Issuer. Any material dispute could give rise to difficulties in supplying customers and maintaining its networks, which could in turn lead to a loss of revenues and prevent the Issuer from implementing its business strategy. This could adversely affect the Issuer's business, financial condition and results of operations.

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

There is a risk that the Issuer's employees may breach anti-bribery legislation, the Issuer's internal policies or its governance regulations. In addition, the Issuer is exposed to different types of operational risk, including the risk of fraud by employees and third parties, the risk of unauthorised transactions performed by employees or the risk of operational errors, including those resulting from defects or malfunctions of computer or telecommunications systems or penetration of IT systems by outsiders intent on extracting or corrupting information or disrupting business processes. The systems adopted for operational risk management are designed to ensure that the risks related to the Issuer's activities are kept under adequate control. Any defect or inadequacy in those systems could lead to losses being incurred by the Issuer, increases in financing costs and/or reductions in the value of the Issuer's assets, as well as damage to the Issuer's reputation, and could have material adverse impact on its business, financial condition and results of operations.

Risk relating to any breaches of the organisation and management model

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

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

Notwithstanding the adoption of these measures, the Issuer could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority's opinion, the Model is not adequate or effective.

Risks relating to management control systems

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

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

Risks relating to environmental and safety accidents and / or offences

Risks of health and safety or environmental accidents and liabilities are inherent in many of the Issuer's operations. Although the Issuer has adopted operational policies and standards to ensure the safety of its operations, there is a risk that accidents will occur, resulting in damage or harm to employees and/or members of the public. The Issuer has made provision for existing environmental and safety expenses and liabilities. However, the Issuer may incur additional significant expenses and liabilities due to unforeseen events and/or the commencement of legal proceedings against the Group in relation to any such matters. Any increase in costs could adversely affect the business, financial condition and results of operations of the Issuer.

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

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

Risks relating to the Guarantor

The Guarantor's ability to fulfil its obligations under the Guarantee may be influenced by factors such as the economic situation, not only in Italy as a whole and outside Italy's borders but also locally in the area which it governs. The Autonomous Province of Trento is characterised by healthy public finances, relatively low public debt and an economy that has consistently out-performed the national average in Italy. Other credit strengths are the well-educated labour force and a high standard of living. Nevertheless, a whole range of factors can significantly change the economic cycle and/or the state of

the financial system, thereby giving rise to a deterioration in the financial health of public entities. For example, events such as political instability, unemployment, changes in consumer confidence and consumer spending, falling property prices, investor sentiment, interest rates and inflation may affect the economic cycle and then have a knock-on effect on the financial condition and income of the Guarantor.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

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

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

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact that the investment will have on the potential investor's overall investment portfolio.

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

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

The Notes are unsecured and contain limited investor protection provisions

The Notes constitute unsecured obligations of the Issuer and do not contain investor protection provisions that are typically seen in senior bonds listed on the Eurobond market or other international financial markets or in loan facilities granted by banks and other financial institutions. In particular, the Conditions do not contain any covenants imposing limitations on the amount of indebtedness that the Issuer may incur or requiring indebtedness to be maintained at certain levels. Similarly, the Conditions

contain no negative pledge or other provisions restricting the giving of security by the Issuer in favour of other creditors. Neither do they provide for the payment of any additional amounts (so-called “grossing-up”) in the event that the Issuer is required to apply any withholding or deduction from payments of interest and principal to Noteholders for or on account of any present or future taxes, duties, assessments or other governmental charges required by law (see also “– *Payments in respect of the Notes are subject to withholding tax*” below). Finally, the Conditions contain only limited events of default and, as a consequence, in the event of the Issuer being in financial difficulty, the options and bargaining power of Noteholders are likely to be significantly more limited in comparison to the Issuer’s other creditors.

No physical document of title will be issued in respect of the Notes

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

Payments in respect of the Notes are subject to withholding tax

Interest and any other proceeds paid to Noteholders under the Notes are subject to withholding tax pursuant to section 26 of Presidential Decree No. 600 of 29 September 1973 (or, possibly, following the admission of the Notes to trading on the Main Securities Market, Italian substitute tax pursuant to Legislative Decree No. 239 of 1 September 1996). The Issuer is not obliged to make gross up payments and, accordingly, Noteholders should expect to receive less interest than the amount payable to them under the Conditions. See also Article 13 (*Taxation*) of the Conditions.

Neither the Issuer nor the Guarantor gives any assurance or guidance as to the tax regime applicable to the Notes or the Guarantee for any particular investor, either before or after the listing of the Notes. Both current and prospective purchasers of Notes should therefore consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any national, regional or local tax laws of any country or territory.

Change of law or administrative practice

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

Decisions at Noteholders’ meetings bind all Noteholders

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

redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

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

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

Risks relating to the Guarantee

Transactions entered into with public entities can be exposed to certain risks, including in relation to sovereign immunity, power and capacity, and the law relating to competition and public procurement. In particular, there have in recent years been a significant number of court cases involving whether public entities were empowered to enter into certain types of financial instruments (although they mainly concern derivative contracts). In addition, the giving of a guarantee by a public entity may constitute unlawful state aid under European Union law. At the time of the issue of the Notes, the provision of guarantees by the Autonomous Province of Trento was authorised pursuant to Article 10 of Provincial Law No. 1 of 19 February 2002, which allowed for the giving of guarantees for investment projects of significant local interest. The Issuer is not aware of any challenge in relation to the Guarantee having been made, whether on the basis of state aid or otherwise.

Risks related to the market generally

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

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

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

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

Delisting of the Notes

Application has been made for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its regulated market. The Notes may subsequently be delisted despite the

efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Transfers of the Notes may be restricted

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

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

Neither the Notes nor the long-term debt of the Issuer are rated, although the Guarantor has long-term ratings assigned to it as follows: A3 from Moody's; and A from Fitch. To the extent that any credit rating agencies assign credit ratings to the Notes or to the Issuer or the Guarantor at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

Legal investment considerations may restrict certain investments

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

Exchange rate risks and exchange controls

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

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

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, these Listing Particulars:

- (i) the audited annual financial statements of the Issuer as at and for the year ended 31 December 2016; and
- (ii) the audited annual financial statements of the Issuer as at and for the year ended 31 December 2015,

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

For further information on the financial information in these Listing Particulars, see "*Presentation of Financial Information*" on page 3.

Access to documents

The above documents can be accessed at the following addresses on the Issuer's website:

- annual financial statements of the Issuer as at and for the year ended 31 December 2016:
https://www.set.tn.it/wr-resource/ent3/1/Set_Distribuzione_bilancio_EN_2016.pdf
- annual financial statements of the Issuer as at and for the year ended 31 December 2015:
https://www.set.tn.it/wr-resource/ent3/1/Set_Distribuzione_bilancio_EN_2015.pdf

Cross-reference list

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

Section	Annual financial statements	
	2016	2015
Balance sheet	25 – 26	28 – 29
Income statement	27	30 – 31
Cash flow statement	28	N/A
Notes to the financial statements	30 – 89	32 – 71
Independent Auditor's report	94 – 95	76 – 77

TERMS AND CONDITIONS OF THE NOTES

The following is a translation into English from the original Italian of the terms and conditions (the “Conditions”) relating to the Notes and has been prepared by the Issuer solely for the purposes of its inclusion in these Listing Particulars. The original Italian text is available for inspection by Noteholders as described in “General Information – Documents on Display” on page 40 and, to the extent that there is any inconsistency or discrepancy between the two texts, the original Italian will prevail.

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

For further information on the role of the Noteholders’ Representative (as defined below) and the rules relating to Noteholders’ meetings, see “General Information – Representation of Noteholders” on page 39.

TERMS AND CONDITIONS OF THE NOTES

“SET DISTRIBUZIONE S.p.A.

€110,000,000 4.60 PER CENT. FIXED RATE NOTES 2006 / 2029”

IRREVOCABLY GUARANTEED BY THE AUTONOMOUS PROVINCE OF TRENTO

ISIN CODE: IT0004096266

SET Distribuzione S.p.A.

Registered office: Via Manzoni 24, Rovereto (TN), Italy

Corporate Object: the Company’s objects are the distribution, metering and sale of electricity in the territory of the Autonomous Province of Trento.

Tax code, VAT number and registration number at the Companies’ Registry of Trento: 01769680222

Share capital: €78,424,528 (authorised, issued and fully paid-up)

These notes are regulated by the following terms and conditions and, to the extent not expressly stated herein, by the provisions of the Italian Civil Code relating to bonds issued by limited companies. These notes are issued for the purposes of repaying existing financial indebtedness of the group’s companies to fund the development of investment projects pursuant to Article 10 of Provincial Law No.1 of 19 February 2002.

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

The notes of an aggregate principal amount of €110,000,000 (Euro one hundred and ten million) and known as “SET Distribuzione S.p.A. – 4.60 per cent. Fixed Rate Notes 2006 / 2029” (the “Notes”), irrevocably guaranteed by a first demand guarantee by the Autonomous Province of Trento, are issued by SET Distribuzione S.p.A. (the “Issuer”) by virtue of a resolution of the Board of Directors of 21 July 2006 pursuant to Article 2412, paragraph 1 of the Italian Civil Code, as subsequently amended by a resolution passed at a meeting of the holders of the Notes on 7 February 2018.

Originally issued on the issue date (as indicated in Article 3 below) in an aggregate principal amount of €110,000,000,00 (Euro one hundred and ten million) and consisting of 2,200 Notes in bearer form, each in denominations of €50,000 (Euro fifty thousand), indivisible, as at 7 February 2018 the Notes consist of 1,100 notes in bearer form, each in denominations of €100,000 (Euro one hundred thousand), indivisible, following the resolution passed at the meeting of the holders of the Notes on 7 February 2018.

On the issue date the Issuer shall proceed with acceptance of the Notes for clearing in dematerialised form by Monte Titoli S.p.A. pursuant to Legislative Decree No. 213 of 24 June 1998, as subsequently amended, and pursuant to the CONSOB implementing Regulation No. 11768 of 23 December 1998, as subsequently amended and supplemented. Accordingly, for so long as the Notes are held in dematerialised form with Monte Titoli S.p.A., the transfer of the Notes and the exercise of any right arising from title to the Notes shall be given effect solely through intermediaries participating in the clearing system operated by Monte Titoli S.p.A. and the holders of the Notes (the "**Noteholders**") shall not be entitled to request delivery of any physical document of title representing the Notes. The above is without prejudice to the right to request the issue of a certificate in accordance with Article 85 of Legislative Decree No. 58 of 24 February 1998 and Article 31, paragraph 1, letter b) of Legislative Decree No. 213 of 24 June 1998.

Art. 2 – Issue price

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

Art. 3 – Settlement date

The Notes are issued and held from 1 August 2006 (the "**Settlement Date**").

Art. 4 – Duration

The Notes have a duration of 23 (twenty-three) years from 1 August 2006 and therefore the scheduled maturity date for the Notes is 1 August 2029 (the "**Maturity Date**").

Art. 5 – Interest

The Notes bear interest at a fixed rate of interest of 4.60 per cent. per annum (the "**Fixed Rate of Interest**") from the Settlement Date until the Maturity Date of the Notes. Interest is payable every six months in arrears, the first payment being due at the end of the first six-month period following the Settlement Date and the last payment being due on the Maturity Date of the Notes. The amount of each interest coupon shall be calculated as the product of the nominal value of each note and the Fixed Rate of Interest. The amount of interest shall be calculated on the basis of the actual number days divided by the actual number of days (Act/Act unadjusted). In particular, if the due date for any payment of interest does not fall on a business day according to the TARGET calendar, the interest payment date will be deferred to the first immediately following business day according to the TARGET calendar, it being understood that such deferral will not entitle the Noteholders to any additional payments and will not give rise to the deferral of subsequent interest payment dates.

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

The amounts of interest coupons do not bear interest.

Art. 6 – Redemption

The Notes shall be redeemed at their aggregate principal amount in a single payment on the Maturity Date.

If the Maturity Date of the Notes falls on a day which is not a business day according to the TARGET calendar, the Maturity Date will be deferred to the first immediately following business day according to the TARGET calendar, it being understood that such deferral will not entitle the Noteholders to any additional amounts.

Save as provided under Article 12 below, the Noteholders are not entitled to request early redemption of the Notes.

Art. 7 – Status of the Notes

The Notes are unsubordinated with respect to all other present and future unsecured indebtedness of the Issuer.

Art. 8 – Guarantee

The Notes are guaranteed by a first demand guarantee (the “**Guarantee**”) issued in the interests of the Issuer by the Autonomous Province of Trento (the “**Guarantor**”) in favour of the holders of the Notes and is available to the Noteholders’ Representative. The full text of the Guarantee is annexed to these Terms and Conditions under Annex A and constitutes an integral and substantive part hereof, the main content of which is set out below.

By reason of the Guarantee, the Guarantor unconditionally and irrevocably guarantees jointly and severally with the Issuer, pursuant to Article 1936 *et seq.* of the Italian Civil Code, the due and punctual performance in full of the payment obligations as to principal and interest which the Issuer will assume under the Notes pursuant to these Terms and Conditions, until none of those obligations is outstanding, it being understood that the liability of the Guarantor under the Guarantee shall not exceed a maximum amount of €110,000,000 (Euro one hundred and ten million) in respect of principal, plus a maximum amount of €5,500,000 (Euro five million five hundred thousand) in respect of any interest (including default interest) that may fall due to the Noteholders from the Issuer.

The Guarantor undertakes to pay to the Noteholders’ Representative on behalf of any requesting Noteholder, up to the amount of the Notes purchased by such Noteholder and in any event subject to the overall limits set out above, upon a simple written request, including by telegraph, without exception and regardless of any prior enforcement against the Issuer, the sums due from the Issuer to the Noteholders under the Notes and in relation to which the Noteholders and each of them are creditors from time to time.

Payment by the Guarantor shall be made within 60 days from receipt by it of a written request from the Noteholders’ Representative, which shall:

- a) identify the Notes in relation to which the payment is requested, together with a statement attesting that:
- b) the Issuer has not duly and punctually performed its obligation to repay the Notes pursuant to the Terms and Conditions;

- c) the amount requested is due from the Issuer to the Noteholder under the aforesaid Notes;
- d) the Noteholders' Representative is entitled to all intents and purposes, on behalf of the Noteholders and each of them individually, to request and receive payment of the above amount pursuant to the Terms and Conditions;
- e) the amount requested has not been paid to the Noteholder either by the Issuer or by third parties (whether guarantors or other third parties) on behalf of the Issuer, directly or indirectly.

Art. 9 – Subscription and subsequent circulation of the Notes

The Notes shall be wholly reserved for subscription by one or more third parties who are in any event eligible as professional investors subject to prudential supervision pursuant to special laws, who likewise may only transfer the Notes, in whole or in part, to third parties who are in any event eligible as professional investors subject to prudential supervision pursuant to special laws.

Art. 10 – Clearing of the Notes

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

Art. 11 – Prescription and time limits

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

Art. 12 – Default

The Noteholders shall be entitled to request early redemption of the principal and accrued interest by notice sent in a recorded-delivery letter by registered post addressed to the registered office of the Issuer if any of the following occurs:

- a) failure by the Issuer and/or the Guarantor to pay all or part of the interest due in relation to the Notes, where such failure continues for more than 15 days;
- b) breach, failure to fulfil or defective performance by the Issuer and/or the Guarantor of any of the obligations or undertakings provided for under these Terms and Conditions, other than under letter a) above, unless such breach or defective performance is remedied within 30 days from receipt of notice thereof by the Issuer and/or the Guarantor from the Noteholders;
- c) the Guarantee becomes void or unenforceable.

Art. 13 – Taxation

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

Interest and other proceeds paid to the Noteholders are subject to application, in the manner and in the cases provided for therein, of a withholding tax of 27% pursuant to Article 26 of Presidential Decree No. 600 of 29 September 1973.

The payment of withholding tax will be made by the Issuer.

Capital gains made from the sale or redemption of Notes which do not constitute income from capital, other than those made in the ordinary course of business, are subject to a substitute tax in place of income tax at a rate of 12.5% pursuant to Legislative Decree No. 461 of 21 November 1997, as subsequently amended and supplemented ("**Legislative Decree No. 461/1997**"), in the manner and in the cases provided for under the same Legislative Decree No. 461/1997.

Art. 14 – Noteholders’ meeting

The Noteholders’ meeting shall be convened and their resolutions shall be passed in accordance with Article 2415 of the Italian Civil Code and shall appoint the Noteholders’ Representative at the first useful opportunity.

Art. 15 – Governing law and jurisdiction

The Notes are governed by Italian law.

For any dispute relating to the Notes or to these Terms and Conditions arising between the Issuer and/or the Guarantor and the Noteholders and/or the Noteholders’ Representative, the Court of Trento (or, otherwise, where the Noteholder is a consumer pursuant to Article 1469-*bis* of the Italian Civil Code, the court of that Noteholder’s residence or elective domicile) shall have exclusive jurisdiction.

Art. 16 – Miscellanea

Unless otherwise provided by relevant provisions of law or regulations, all notices from the Issuer to the Noteholders shall be deemed to be valid if published in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*), *Il Sole24Ore* or *Corriere della Sera*.

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

[Annex A intentionally omitted]¹

¹ For extracts from the Guarantee, see the next section of these Listing Particulars.

FORM OF THE GUARANTEE

*The following is a translation into English from the original Italian of extracts from the guarantee agreement (contratto di fideiussione) dated 27 July 2006 (the “**Guarantee**”) by which the Guarantor irrevocably and unconditionally guarantees the Issuers’ payment obligations under the Notes. The translation below has been prepared by the Issuer solely for the purposes of its inclusion in these Listing Particulars and (as with the rest of the content of these Listing Particulars) has not been reviewed or approved by the Guarantor. Copies of the original Italian text are available for inspection by Noteholders as described in “General Information – Documents on Display” on page 40 and, to the extent that there is any inconsistency or discrepancy between the two texts, the original Italian will prevail.*

GUARANTEE AGREEMENT

BETWEEN

[Details of original subscriber intentionally omitted]

- on one hand -

AND

The **AUTONOMOUS PROVINCE OF TRENTO**, a local government body with its principal office in Piazza Dante No. 15, Trento, tax code and VAT No. 00337460224 (hereinafter, the “**Guarantor**”), in the person of Mr. Lorenzo Bertoli, acting in his capacity as Manager of the Revenue, Finance and Credit Service (*Dirigente del Servizio Entrate, Finanza e Credito*) and in compliance with the provisions of the Decree of the President of the Province No. 6-78 and with resolution No. 7106 of the Province dated 19 June 1998, and also authorised to execute this Guarantee Agreement by resolution No. 1495 of the Province dated 21 July 2006, attached to this Guarantee Agreement under Annex B so as to form an integral part hereof;

- on the other hand –

Whereas

- A) SET Distribuzione S.p.A. (the “**Issuer**”), with its registered office at Via Manzoni, 24, Rovereto (Trento), tax code, VAT number and registration number with the Companies’ Registry of Trento 01769680222, share capital fully paid-in equal to €78,424,528, by a resolution of the Board of Directors dated 21 July 2006, minutes drafted by Mr. Guido Falqui-Massidda, notary public in Rovereto, has issued notes with a maturity of 23 (twenty three) years and an aggregate nominal amount of €110,000,000 (the “**Notes**”), the terms and conditions of which are attached to this guarantee under Annex C (the “**Terms and Conditions**”);
- B) pursuant to Article 10 of Provincial Law No. 1 of 19 February 2002, the Guarantor intends to issue an irrevocable first demand guarantee on a joint and several basis in the interest of the Issuer and in favour of the subscribers of the Notes (the “**Noteholders**”) and of each of them individually, for the payment of each and any amount that may be payable by the Issuer pursuant to the Notes, to the extent set out below;
- C) the Guarantor has fulfilled all of its notification obligations and obtained all necessary authorisations, internal or external, both of a legal and accounting nature, in order to assume the obligations under this Guarantee Agreement;

now therefore, it is agreed as follows

Article 1

The recitals and annexes constitute an integral part of this agreement.

Article 2

The Guarantor represents that it has full knowledge of the terms, conditions and clauses of the Terms and Conditions.

Article 3

Pursuant to Article 1936 *et seq.* of the Italian Civil Code, the Guarantor unconditionally and irrevocably guarantees, jointly and severally with the Issuer, the due and punctual performance in full of the payment obligations as to principal and interest which the Issuer assumes under the Notes pursuant to the Terms and Conditions until none of those payment obligations is outstanding, it being understood that the liability of the Guarantor under this Guarantee shall not exceed a maximum amount of €110,000,000 (Euro one hundred and ten million) in respect of principal, plus a maximum amount of €5,500,000 (Euro five million five hundred thousand) in respect of any interest (including default interest) that may fall due to the Noteholders from the Issuer.

The Guarantor undertakes to pay to the Noteholders' Representative on behalf of any requesting Noteholder, up to the amount of the Notes purchased by such Noteholder and in any event subject to the overall limits set out above, upon a simple written request, including by telegraph, without exception and regardless of any prior enforcement against the Issuer, the sums due from the Issuer to the Noteholders under the Notes and in relation to which the Noteholders and each of them are creditors from time to time.

Payment by the Guarantor shall be made within 60 days from receipt by it of a written request from the Noteholders' Representative, which shall:

- a) identify the Notes in relation to which the payment is requested;

together with a statement attesting that:

- b) the Issuer has not duly and punctually performed its obligation to repay the Notes pursuant to the Terms and Conditions;
- c) the amount requested is due from the Issuer to the Noteholder under the aforesaid Notes;
- d) the Noteholders' Representative is entitled to all intents and purposes, on behalf of the Noteholders and each of them individually, to request and receive payment of the above amount pursuant to the Terms and Conditions;
- e) the amount requested has not been paid to the Noteholder either by the Issuer or by third parties (whether guarantors or other third parties) on behalf of the Issuer, directly or indirectly.

Article 4

This guarantee will remain valid and binding, without the need for any further action or declaration by the Guarantor:

- a) in the event that the Noteholders consent to the reduction and release of other guarantees that may be given in relation to the Notes;
- b) whatever the financial condition of the Issuer on the issue date of the Notes;

- c) in the event that the amounts received by the Noteholders as payment on the Notes guaranteed by this Guarantee Agreement are returned following revocation of those payments or their being declared invalid.

With reference to the provisions of Article 1957 of the Italian Civil Code, the parties agree that the notification of a request for payment to the Issuer is equivalent to the “presentation of a claim” (*“proposizione di un’istanza”*) to the Issuer.

Article 5

In the event of non-payment of the amounts due from the Guarantor pursuant to the terms of this Guarantee, the Guarantor shall pay default interest on the amounts due to the same extent and under the same conditions provided for with respect to the Issuer under the Notes, excluding any right of the Noteholders to claim additional damages.

Article 6

This Guarantee takes full effect regardless of the existence, validity or effectiveness of any security or guarantee that already exists or may subsequently be provided, including any from third parties, in relation to the Notes in favour of the Noteholders or any of them and in the interests of the Issuer.

The Guarantor hereby acknowledges that it will be its responsibility to keep itself informed of the financial condition of the Issuer and any developments in relations with the Noteholders. Notwithstanding the above, the Noteholders’ Representative, upon written request by the Guarantor, shall notify the Guarantor of the amounts due from the Issuer under the Notes as at the time of the request.

Article 7

All notices between the parties regarding this Guarantee Agreement shall be made by (i) telefax followed by recorded delivery letter by registered post, (ii) recorded delivery letter by registered post, (iii) registered letter by hand, (iv) service through an officer of the court (*Ufficiale Giudiziario*) or (v) telegram, failing which it shall be void.

All notices and communications between the parties regarding this Guarantee shall be addressed to the following, failing which they will be void:

[Details of original subscriber intentionally omitted]

to the Guarantor:

Presidente della Provincia
Provincia Autonoma di Trento
Piazza Dante No. 15
38100 TRENTO

or to such other address which may be communicated in writing by the parties.

Any communication or notification will be made by the Noteholders to the Guarantor exclusively through the acting Noteholders’ Representative.

Article 8

Pursuant to Article 13 of Legislative Decree No. 196 of 30 June 2003, the parties declare that the information on the handling of data gathered following execution of this Guarantee Agreement has been given orally.

Article 9

Any expenses for the registration of this Guarantee, with the application of tax relief pursuant to Article 15 of Presidential Decree No. 601 of 29 September 1973, and any other expense, cost or charge (including any in relation to tax) of any kind concerning or arising from the Guarantee shall be fully borne by the Guarantor.

Article 10

In relation to payments which may be made by the Guarantor or requested of the Guarantor pursuant to this Guarantee, the Guarantor hereby waives any right of set-off against the Noteholders, or any of them individually, which may otherwise be exercisable by the Guarantor against the Noteholders or any of them individually in relation to the abovementioned payments.

Article 11

Until every payment claim of the Noteholders, or of any of them individually, ceases to be outstanding against the Issuer under the Notes, the Guarantor hereby undertakes not to exercise any right of recovery (*diritto di regresso*) and/or subrogation (*diritto di surroga*) to which the Guarantor may be entitled against the Issuer or any other co-obligors or guarantors, and in any event not to claim, in any capacity and before any court from the Issuer or co-obligors or other guarantors, the amounts paid by the same Guarantor under or pursuant to this Guarantee and not to promote, commence or join in any insolvency proceedings, or similar proceedings against the Issuer or of its co-obligors and guarantors before any court (whether or first instance or otherwise).

Article 12

The Guarantor hereby acknowledges that the failure (in whole or in part) by the Noteholders or by any of them to exercise any right or entitlement under this Guarantee shall not constitute a waiver of such right or entitlement, unless otherwise notified in writing by the relevant Noteholder, nor shall it preclude the subsequent exercise of such right or entitlement or the exercise of any other right or entitlement by the same Noteholder or any other Noteholder.

Article 13

This Guarantee shall remain in full force and effect until the sixth month after the maturity of the Notes or their early redemption (the "**Guarantee Period**"); upon expiry of such period without any request for payment having been served on the Guarantor, this Guarantee shall cease to have effect, regardless of whether or not this document has been returned to the Guarantor.

The above is without prejudice to the right of the Noteholders' Representative to consent to the termination of this Guarantee Agreement, even before expiry of the Guarantee Period, provided that full and unconditional repayment of the Notes, including interest thereon, has taken place.

Article 14

The invalidity or ineffectiveness of any of the provisions of this Guarantee shall not render invalid or ineffective any other provision of this Guarantee.

Article 15

The Noteholders' meeting shall appoint the Noteholders' Representative at the first useful opportunity.

Article 16

This Guarantee guarantees the due and punctual performance in full of the payment obligations as to principal and interest assumed by the Issuer under the Notes and is intended to be made in favour of all the Noteholders.

Article 17

To the extent not provided for herein, this Guarantee is governed by, and shall be construed and interpreted in accordance with, Italian law.

Article 18

For any dispute or action relating to and/or arising out of this Guarantee, the Court of Trento will have exclusive jurisdiction.

[Annexes intentionally omitted]

DESCRIPTION OF THE ISSUER

Information about the Issuer

Società Elettrica Trentina per la Distribuzione di Energia Elettrica S.p.A. or, in abbreviated form, SET Distribuzione S.p.A. (“**SET**” or the “**Issuer**”) is a company limited by shares (*società per azioni*) incorporated and operating under the laws of the Republic of Italy. The Issuer was incorporated on 24 May 2005 for a period expiring on 31 December 2050 (which may be extended by a shareholders’ resolution) and is registered at the Companies’ Registry of Trento under registration number 01932800228.

Its registered office is at Via Manzoni 24, 38068 Rovereto (TN), Italy and the telephone number of its registered office is +39 0464 456 111. The Issuer may also be contacted by fax on +39 0464 456 222 or by e-mail at the certified email address *info@cert.set.tn.it*. The Issuer’s website address is *www.set.tn.it*.

Business Overview

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

The core business of the Issuer is the distribution of electricity in the territory of the Autonomous Province of Trento in Italy, in over 160 municipalities. In particular, SET carries out the following activities and services:

- transportation and transformation of electricity on medium and low-voltage distribution networks;
- connecting to distribution networks any new end-users and producers in the territory of the Autonomous Province of Trento who so request; and
- management of distribution networks and operation of electricity plants, including development and maintenance work.

Each year since it started operating in 2005 the Issuer has received recognition from the Italian Energy, Networks and Environmental Regulation Authority (*Autorità di Regolazione per Energia Reti e Ambiente* or the “**ARERA**”) for the quality and continuity of its service, thereby placing it among the high performers in electricity distribution nationwide. In 2016, the Issuer distributed over 2,430 GWh to 207 municipalities in the Province of Trento through its distribution grid, which covers 10,684 km connecting 310,300 customers.

Regulatory Framework

SET is subject to the supervision of the ARERA and operates pursuant to and in accordance with Italian Presidential Decree No. 235 of 26 March 1977 (“**Presidential Decree 235**”), Provincial Law No. 3 of 20 March 2000 (“**Provincial Law 3/2000**”) and Provincial Law No. 3 of 22 March 2001 (“**Provincial Law 3/2001**”).

The electricity distribution sector in the Province of Trento is mainly regulated by (i) Italian Legislative Decree No. 79 of 16 March 1999 (implementing Directive 96/92/EC), (ii) the implementing regulations of the special autonomy By-laws of the Province of Trento, in particular Presidential Decree 235, as amended by Legislative Decree No. 463 of 11 November 1999, and (iii) the provincial legislation, in particular Provincial Law 3/2001.

From the date of entry into force of the provisions of Legislative Decree No. 463 of 11 November 1999 amending Presidential Decree 235, the activity of electricity distribution constitutes a public service subject to a concession issued by the Province of Trento. Article 1-*ter* of Presidential Decree 235, as

amended, therefore provided for the transfer to the Province of Trento of the State functions relating to the concession of the public service of distribution of electricity which has been or is yet to be generated in the territory of the Province of Trento and established that the companies to which the distribution plants owned by ENEL Distribuzione S.p.A. (“**ENEL Distribuzione**”) were transferred (*i.e.* SET for the Trentino region, see “*History and Development*” below) shall carry out the electricity distribution activity until 31 December 2030, based on the concession issued by the Province of Trento in accordance with the Provincial Electricity Distribution Plan.

Article 13 of Provincial Law 3/2001 reiterated that the Province of Trento is responsible for the issuance of the concession relating to the electricity distribution service to the companies already identified by Presidential Decree 235. However, the concession has not yet been formally granted.

History and Development

Pursuant to Provincial Law 3/2000 and Provincial Law 3/2001, on 27 June 2005 SET purchased the electricity distribution plants located in the territory of the Autonomous Province of Trento from ENEL Distribuzione. As a result, with effect as of 1 July 2005, SET became responsible for the management of the electricity distribution plants and the electricity distribution service in the Province of Trento.

The following table sets out the main historical events of the Issuer.

Year	Event
2006	SET acquires the electricity distribution activities in the municipality of Terlago
2007	SET acquires the electricity distribution activities in the municipality of Vervò
2008	SET acquires the electricity distribution activities in the municipality of Varena
2009	SET acquires the electricity distribution activities in the municipality of Besenello
2010	High voltage grids are transferred to Terna S.p.A. SET acquires the electricity distribution activities in the municipality of Tres
2011	Dolomiti Energia Holding transfers to SET the line of business relating to the distribution and metering of electricity The municipality of Ossana leases to SET the activity of electricity distribution
2012	The municipalities of Avio and Vermiglio lease to SET the activity of electricity distribution
2013	SET acquires the electricity distribution activities in the municipality of Fai della Paganella
2014	SET acquires the electricity distribution activities in the municipalities of Cles and Monclassico
2015	The municipality of Palù del Fersina leases to SET the activity of electricity distribution
2016	SET acquires the management of the electricity distribution network in the municipality of Predazzo SET transfers the management of the electricity distribution network in the municipalities of Sagron Mis and Vanoi to ARE, the distribution company of the ACSM Primiero Group As part of a reorganisation carried out among the distribution companies of the Dolomiti Energia Group, as of 1 July 2016 the activities regarding the handling of

Year	Event
	metering data and commercial relationships with the sales companies are grouped into a single centre of activities under SET
2017	SET sells the electricity distribution network in the municipality of Pozza di Fassa and the related utilities to the Consorzio Elettrico di Pozza di Fassa SET sells the joint distribution branch of Mezzolombardo / Mezzocorona / San Michele AA to AIR S.p.A.
2018	SET acquires the management of the electricity distribution network in the municipality of Isera

Strategy

The Issuer's strategy is to implement the Provincial Electricity Distribution Plan of the Province of Trento, continuously improve service and quality standards and comply with the resolutions issued by the ARERA.

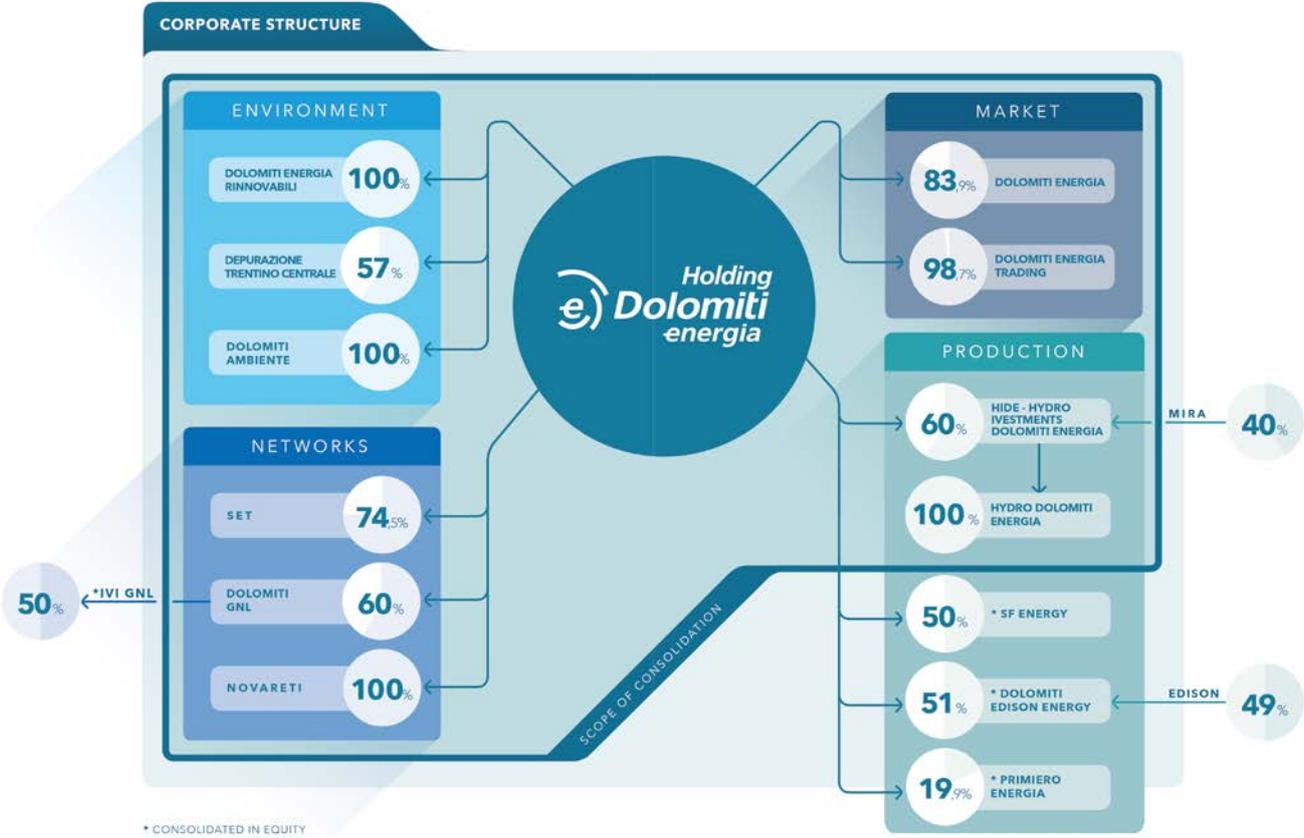
Group Structure

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

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

Within the Group, SET is active in the distribution of electricity in the territory of the Autonomous Province of Trento.

The following chart illustrates the Group structure as at the date of these Listing Particulars.



Financing

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

Administrative, Management and Supervisory Bodies

Board of Directors

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

Name	Position
Agostino Peroni	Chairman of the Board of Directors
Manuela Seraglio Forti	Vice Chairman of the Board of Directors
Stefano Quaglino	Chief Executive Officer
Marino Creazzi	Director
Luigi Dalmonego	Director
Debora Cont	Director

Name	Position
Giovanna Nadalini	Director
Michele Sartori	Director

The business address of each member of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The board of statutory auditors is composed of three standing auditors and two alternate auditors who were appointed for a period expiring on the date of the shareholders' meeting held to approve the financial statements as at and for the year ending 31 December 2019.

Name	Position
William Bonomi	Chairman of the Board of Statutory Auditors
Cristina Camanini	Auditor
Stefano Angeli	Auditor
Emanuele Bonafini	Alternate Auditor
Lorenza Saiani	Alternate Auditor

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

Independent Auditors

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

Supervisory Body

The Issuer has adopted an organisational and control model (the "**Model**") pursuant to Legislative Decree No. 231/2001 on corporate liability, which is in line with the organisational and control model adopted by the Group. The Issuer has therefore established an internal and permanent supervisory body (*organismo di vigilanza*) with the power to oversee and verify the implementation and compliance with the Model.

Code of Ethics

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

Employees

As at 31 December 2017, the Issuer employed 270 people, one of whom was an executive, seven were middle management, 160 were office workers and 102 were factory workers.

Share Capital and Shareholders

Share capital

As at the date of these Listing Particulars, the Issuer has a share capital of €112,241,777, fully paid up and consisting of 112,241,777 ordinary shares with a nominal value of €1.00 each. The Issuer's shares are unlisted.

Shareholders

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

Shareholder	(%)
Dolomiti Energia Holding S.p.A.	74.52
Autonomous Province of Trento	15.07
Municipality of Cles	3.12
Alto Garda Servizi S.p.A.	2.14
Servizi Territoriali Est Trentino S.p.A.	2.01
Others	3.14

A majority of the share capital of the Issuer's parent company Dolomiti Energia Holding is either directly or indirectly owned by public entities located in the Province of Trento. The Issuer is subject to direction and coordination (*direzione e coordinamento*) by Dolomiti Energia Holding pursuant to Article 2497 of the Italian Civil Code.

Apart from the Autonomous Province of Trento, the Issuer's minority shareholders are either municipalities or small-sized utility companies operating in the territory of the Autonomous Province of Trento.

Litigation

Dispute with Italian Revenue Agency over assessment of registration tax

In 2008, the Finance Police (*Guardia di Finanza*) carried out a tax inspection on the Issuer, following which an assessment was made by the Italian Revenue Agency, which alleged that the Issuer had failed to apply registration tax to its acquisition of the electricity distribution business in the Province of Trento from ENEL Distribuzione. After dismissal of its appeals at both first and second instance, SET appealed to the Italian Supreme Court. As at the date of these Listing Particulars, judgment is still pending.

Disputes with the ARERA over mandatory acquisitions of electricity networks

On 13 April 2017, SET submitted an extraordinary petition to the President of the Republic of Italy seeking to overturn Resolution No. 758/2016 of the ARERA (then known as the AEEGSI), which contains provisions regarding the method for calculating the electricity distribution assets of companies that intend to cease operations during the transitional period ending on 31 December 2030. Under the Provincial Electricity Distribution Plan approved by the Province of Trento, if during the transitional period a distributor ceases operating its service, SET is required to take over the service, purchasing from the outgoing operator the grid infrastructure at a price determined by means of an independent valuation.

However, in relation to the setting of tariff levels charged by distributors, the ARERA's position is that the costs incurred in purchasing the infrastructure should be taken into account only up the amount of

the regulatory asset base (RAB) of the infrastructure. If upheld, this would give rise to tariff levels that are substantially lower than those arising from an independent valuation, generating significant irrecoverable capital losses for SET. As at the date of these Listing Particulars, a reliable quantification of the potential losses is not yet possible, as no figures are currently available regarding the extent of the infrastructure that SET would be obliged to acquire.

At a hearing in June 2017, the court dismissed an application by SET for suspension of Resolution No. 758/2016 pending final determination of the matter and another hearing was scheduled for June 2018, when a judgment is expected.

Dispute with the ARERA over the 2016 tariffs for the electricity distribution service

In May 2017 SET applied to the Lombardy Regional Administrative Court for annulment of Resolution No. 188/2017 of the ARERA (then known as the AEEGSI), which established the tariffs for the electricity distribution service for 2016, resulting in a reduction of approximately 9% in recognised operating costs. At a hearing on 15 June 2017, the court dismissed an interim application by SET for suspension of Resolution No. 188/2017 and scheduled another hearing for June 2018, when a judgment is expected.

DESCRIPTION OF THE GUARANTOR

The information contained in this section has been obtained solely from publicly available information and (as with the rest of the content of these Listing Particulars) has not been reviewed or approved by the Guarantor.

Overview

The Autonomous Province of Trento (the “**Province**” or the “**Guarantor**”) is one of the two autonomous provinces (*province autonome*) established in Italy pursuant to Article 116 of the Constitution and the special statute of the Autonomous Region of Trentino Alto-Adige/Südtirol, approved by Constitutional Law No. 5 of 26 February 1948 (the “**Autonomy Statute**”). The Province is located in the north-eastern part of the Republic of Italy and, together with the Autonomous Province of Bolzano, comprises the Autonomous Region of Trentino Alto-Adige/Südtirol (the “**Region**”).

Autonomous provinces in Italy, in addition to carrying out the standard functions of non-autonomous provinces, are also granted broad legislative, administrative and financial functions, which are specified at a constitutional level and set forth in an international agreement between Austria and Italy (*Accordo De Gasperi-Gruber*). As a result, autonomous provinces are granted powers broader than those reserved for non-autonomous provinces, which only have the power to act in secondary or regulatory matters and only in relation to limited matters. The Province therefore also has the power to enact laws in areas which are significant to local social and economic life, as set out in the Autonomy Statute and the relevant implementing laws and regulations.

As an autonomous province, the Province enjoys a high degree of political and financial autonomy from the Italian central government and, as a result, its economy benefits from higher public expenditure, the amount of which is dependent upon the development of the local economy. Its geographical location – between Alto Adige/South Tyrol and the regions of Veneto and Friuli Venezia Giulia in north-eastern Italy, Tyrol in Austria and Bavaria in southern Germany – has also contributed to the development of a healthy economy based on tourism, industry and agriculture. As a result, the economy of the Province has generally performed better than the national average, with lower unemployment (4.9 per cent. as at 31 December 2017 against the national average of 10.8 per cent. as at the same date) (*Source: ISTAT (the Italian National Statistics Office)*).

Governance

The Province is governed by the President of the Province (*Presidente della Provincia*), the Provincial Council (*Consiglio Provinciale*) and the Provincial Board (*Giunta Provinciale*).

The President of the Province is Mr. Ugo Angelo Giovanni Rossi, elected on 27 October 2013 with 58.11% of the votes.

The Provincial Council is entrusted with the legislative, policy-making and political control functions. Normally composed of 35 Provincial Councillors (*Consiglieri Provinciali*), the Provincial Council is elected by the people residing in the Province for a period of five years. The current council is composed of 35 Provincial Councillors and was elected on 27 October 2013.

The Provincial Board is the executive body and is entrusted with the role of government of the Province.

On 27 October 2013, elections for the XV legislature were held to elect the President of the Province and the Provincial Council. The majority government that was subsequently elected is composed of the centre-left political parties that had governed the Province in the previous legislature (2008 - 2013).

Relationship between the Central Government and Local Governments

Italy has been a democratic republic since 2 June 1946. Its government is organised territorially and administratively on national, regional and local levels. Legislative, executive and judicial powers are exercised at national level by the Italian Parliament, central government and judicial authorities (collectively, "**Central Government**"). Except for those powers expressly reserved to the Central Government by the Constitution of the Republic of Italy (the "**Constitution**"), legislative and executive powers are exercised at local level in relation to certain matters by the regions (*regioni*) and by autonomous provinces (*province autonome*). Administrative powers are exercised by the provinces and municipalities.

The Constitution, as amended by Constitutional Law No. 3 of 18 October 2001 (the "**Constitutional Federalism Law**"), reserves to the Central Government exclusive legislative powers to act in certain specified areas. The Constitutional Federalism Law confirms the following principles as being an integral part of the Constitution: (a) the regions and the autonomous provinces are entitled to establish and collect taxes in their territory and other revenues and have autonomy in the expenditure of their resources (within the limits of the constitutional norms and standards established by the Central Government), (b) the taxes and other revenues collected by the regions and the autonomous provinces should be sufficient to guarantee the financing of all of such entities' functions and activities, (c) the regions and the autonomous provinces are entitled to receive the portion of Central Government taxes which may be referred to their territory rather than based on other criteria (with certain exceptions), (d) the redistribution of resources from richer areas to poorer areas should be made through an equalisation fund, and (e) the regions may incur indebtedness only to finance investment expenses and such indebtedness may not be guaranteed by the Central Government.

While Title V of the Constitution, as amended by the Constitutional Federalism Law, sets out the new powers granted to ordinary regions, Article 10 of the Constitutional Federalism Law provides that until the relevant special statutes are amended, the new provisions of the Constitution introduced by the Constitutional Federalism Law shall also apply to special regions and autonomous provinces to the extent that such new provisions grant a wider autonomy than that which is currently contemplated in the relevant special statutes. Therefore, the Province retains the powers set out under letters (a) to (e) above to the extent that the Autonomy Statute and the relevant implementing regulations do not already provide for them, and the widening of regional powers as set forth by the Constitutional Federalism Law, to the extent applicable, also applies to the Province.

As a result of the Constitutional Federalism Law, the Province also acquired a role in international relations and in relations with the European Union: it may participate in the decision making processes of the European Union relating to matters within its competence, implement international agreements and European Union legislation, establish and implement agreements with foreign countries and agreements with local governments of foreign countries, relating to matters within its competence, within the framework of procedures established by the Central Government.

Legislative Autonomy

In accordance with the Constitution, the Autonomy Statute grants to the Province exclusive legislative powers with respect to certain matters, including the regulation of provincial offices and their personnel, subject to the basic principles established by the Central Government, international obligations and national interests, as well as the basic rules of social-economic reform.

The Constitutional Federalism Law increased the legislative autonomy of the Province both by re-classifying powers (from concurrent to exclusive) in relation to certain matters and by attributing new powers in relation to matters previously reserved to the Central Government.

The legislative autonomy of the Province is also provided for by Legislative Decree No. 266 of 16 March 1992 concerning the relationship between legislative acts of the Central Government and regional and provincial laws, as well as the Central Government's powers of policy-making and coordination. On the basis of Legislative Decree No. 266 of 16 March 1992, the new legislation approved by the Central Government should not be directly applied to autonomous provinces and regions to the extent that such autonomous provinces and regions have implemented regulations which have a different focus, thereby guaranteeing significant autonomy for the Province.

Financial Information

Financial Autonomy

The Province benefits from strong and broad fiscal autonomy with regard to both tax revenues to which it is entitled and municipal taxes. In addition, the Province has the power, *inter alia*, to establish new taxes in respect of matters falling within its responsibility and to vary the rates of certain taxes established and identified by the Central Government, or to provide exemptions or deductions within certain limits.

The financial autonomy of the Province was strengthened following the execution on 15 October 2014 of an agreement between the Region, the Province, the Autonomous Province of Bolzano and the Central Government (the "**Agreement**"), which introduced a substantial amendment to the provincial financial system pursuant to Law No. 190/2014. In particular, the Agreement redefined the contribution of the Region, the Province and the Autonomous Province of Bolzano to public finances and identified within the Autonomy Statute the amount of that contribution and the mechanism for its updating.

Earlier in 2009, following the "Milan Agreement" entered into between the Region, the Province, the Autonomous Province Bolzano and the Central Government, fiscal federalism as set out in Article 27 of Law No. 42 of 5 May 2009 was implemented through an amendment to the Autonomy Statute pursuant to Law No. 191 of 23 December 2009 (the "**2010 Financial Law**"). The 2010 Financial Law amended Article 104 of the Autonomy Statute to provide that the provisions of Section VI of the Autonomy Statute regarding the financial sector may be amended by legislation enacted by the Central Government, upon a request by the Central Government and, with respect to the matters falling within their responsibility, or upon a request by the Region, the Province and the Autonomous Province of Bolzano.

As a consequence of the Agreement and the 2010 Financial Law, the financial autonomy of the Province is now characterised by the following elements:

- *Territoriality of finances*: a fixed percentage of all tax revenues relating to the territory of the Province, even if collected outside of such territory, is assigned to the Province;
- *Objectivity of the financial relationship between the Central Government and the Province*: the share of tax revenues assigned to the Province is fixed and predetermined;
- *Certainty of resources*: the Central Government has no discretion in determining the entitlement of the Province to receive resources or the relevant amount of such resources;
- *Planning the use of financial resources*: it is possible to plan the available financial sources accurately and on a long- term basis, considering both the certainty and objectivity of the elements outlined above; and
- *Autonomy in employing resources*: planning and employing resources is exclusively reserved to the Province and available resources are therefore free from any kind of allocation set at a national level.

Budgets

The annual budget is drafted by the Provincial Board by 31 May of each year and submitted to the Court of Auditors (*Corte dei Conti*) for the relevant controls. The Provincial Board approves the budget and, in compliance with the resolutions adopted by the Court of Auditors, then approves the relevant finance bill, which is subsequently submitted to the Provincial Council.

Revenues

The Province's revenues primarily comprise of transfers of Central Government tax revenues and provincial taxes. With respect to transfers of tax revenues from the Central Government, according to the Autonomy Statute, the Province is entitled to a 90 per cent. share of all Central Government tax revenues relating to the provincial territory, with the exclusion of the tax on electricity consumption and VAT for which the Province's shares are equal to, respectively, 100 per cent. and 70 per cent.. The tax revenues transferred to the Province are identified, in accordance with the Autonomy Statute, by reference to a general criterion (which makes reference to "all other Central Government tax revenues"). As a consequence, should the Central Government establish new taxes, these are automatically attributed to the Province at a participation level of 90 per cent.

The Province may establish its own taxes (*tributi propri*) even in the absence of national legislation, as long as the establishment of such taxes is in accordance with the principles of the national tax system. Such powers have been strengthened by Law No. 147 of 27 December 2013 (the "**2013 Stability Law**") and have been enhanced to fall within the matters of primary competence of the Province. The 2013 Stability Law also contemplates the delegation of authority to the Province in matters of tax agencies, arrangements for the implementation of which are still to be agreed with the Republic of Italy.

Debt of the Province

Pursuant to Provincial Law No. 7 of 14 September 1979, the Province is prohibited from issuing debt if the ratio of the relevant payments of principal and interest, including those payable on outstanding debt, to the aggregate provincial tax revenues (including the Province's fixed shares in Central Government tax revenues, but excluding revenues deriving from preceding financial years (*esercizi pregressi*)), exceeds 15 per cent.

From 2016, following the entering into force of the new provisions for the harmonisation of the financial systems and the drafting of budgets, the Province must comply with national laws relating to limits on indebtedness and the identification of transactions which are considered or may be considered as debt. Funds raised under the above transactions must be used exclusively for the investments referred to in Article 3, paragraph 18, of Law No. 350 of 24 December 2003, to be carried out by entities that are part of the integrated system of the Province.

Further information

Further details of the Province's current and recent finances may be found at the following link from the Province's website (in Italian only): www.giunta.provincia.tn.it/bilancio.

SUBSCRIPTION AND SALE

The Notes were initially issued on 1 August 2006. The following paragraphs set out certain restrictions on the offering and sale of the Notes and the distribution of these Listing Particulars.

United States of America

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

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

Republic of Italy

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

- (a) to qualified investors (*investitori qualificati*), as defined under Article 100 of Italian Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or the "TUF"), as implemented by Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (otherwise known as the *Regolamento Emittenti* or the "Issuers' Regulation") and by Article 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (otherwise known as the *Regolamento Intermediari* or "Intermediaries' Regulation") which are subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph, of the Italian Civil Code; or
- (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of the TUF or CONSOB's implementing regulations, including Article 34-ter, paragraph 1, of the Issuers' Regulation.

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

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

General

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

these Listing Particulars or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes was authorised by resolutions passed by the Issuer's Board of Directors on 21 July 2006 and the application for their listing and admission to trading was authorised by the Issuer's Board of Directors on 7 February 2018.

The Terms and Conditions of the Notes were amended by resolutions passed at a meeting of the Noteholders on 7 February 2018, providing for, *inter alia*: (i) the consolidation of the Notes so as to increase their denomination per unit from €50,000 to €100,000; and (ii) their listing and admission to trading.

Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to trading on the Main Securities Market and to be listed on its Official List. Admission is expected to take effect on or about the date of these Listing Particulars.

Expenses related to Admission to Trading

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

Listing Agent

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

Use of Proceeds

The proceeds of the Notes have been used for the purposes of purchasing the electricity distribution plants located in the territory of the Autonomous Province of Trento from ENEL Distribuzione.

Auditors

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

Representation of Noteholders

Noteholders' representative

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

As at the date of these Listing Particulars, the Noteholders' Representative is Alberto Bombardelli, an accountant and auditor by profession, who was appointed pursuant to a resolution passed at a Noteholders' meeting on 7 February 2018. The business address of Alberto Bombardelli is Via

Manzoni 16, Trento (TN), Italy. Pursuant to Article 2417, 3rd paragraph of the Italian Civil Code, the appointment of a Noteholders' Representative has a duration of no more than three financial years but may be renewed.

Noteholders' meetings

Meetings of Noteholders may be convened to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation of the Notes. The convening and conduct of meetings of Noteholders is regulated by the Italian Civil Code, the TUF and, where applicable Italian law so requires, the Issuer's By-laws (*statuto*), including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the date of these Listing Particulars.

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

- (a) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code, or, in default of such request, by a decision of the competent court in accordance with Article 2367, paragraph 2, of the Italian Civil Code;
- (b) every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's By-laws (*statuto*);
- (c) such a meeting will be validly convened if there are, and the majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be, both in case of an initial meeting and of subsequent meetings, one or more persons present holding or representing at least 61% of the aggregate principal amount of the Notes for the time being outstanding, *provided that* the Issuer's By-laws (*statuto*) may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher quorums or higher majorities.

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

Documents on Display

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

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

In addition, these Listing Particulars are available for viewing on the Irish Stock Exchange's website (www.ise.ie) and the financial statements referred to above may be accessed on the Issuer's website (see "*Information Incorporated by Reference*").

Clearing

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

The Notes have been accepted for clearance by Monte Titoli S.p.A. and have the following ISIN assigned to them: IT0004096266.

ISSUER

Registered office:
Via Manzoni, 24
38068 Rovereto
Italy

GUARANTOR

The Autonomous Province of Trento
Piazza Dante, 15
38122 Trento
Italy

LEGAL ADVISERS TO THE ISSUER

Gianni, Origoni, Grippo, Cappelli & Partners
6-8 Tokenhouse Yard
London EC2R 7AS
United Kingdom
Piazza Belgioioso, 2
20121 Milan
Italy

LISTING AGENT

Walkers Listing Services Limited
The Anchorage
17/19 Sir John Rogerson's Quay
Dublin 2
Ireland