

# Milione S.p.A.

*incorporated with limited liability as a società per azioni under the laws of the Republic of Italy  
with registered office at Viale Galileo Galilei, 30/1, 30173, Venezia (VE), Italy  
share capital equal to Euro 188,737.00, fully paid up  
Fiscal Code and VAT number No. 03411340262  
registered with the Company's register of Venice under No. VE - 418330  
The Legal Entity Identifier (LEI): 815600C3EF5B55209517*

## ADMISSION DOCUMENT

**dated 18 December 2018**

**for the admission to trading on ExtraMOT market - Professional Segment (ExtraMOT PRO) operated by  
Borsa Italiana S.p.A. of the**

**€300,000,000 2.47 per cent. Senior Secured Bonds due 20 December 2026 (the "Bonds")**

**issued by Milione S.p.A.**

**ISIN code: XS1922522021 / Common code: 192252202**

**Issue Price: 100%**

Bonds are subject to, and have the benefit of: (i) an English law governed intercreditor agreement dated 20 December 2018, as amended and restated from time to time, entered into between, *inter alios*, the Issuer, Deutsche Bank AG, London Branch as security agent also acting in its capacity as representative (*rappresentante*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code (the "**Security Agent**"), Deutsche Trustee Company Limited as trustee (the "**Trustee**") and the other Secured Parties named therein (the "**Intercreditor Agreement**"); (ii) a pledge over the shares of the Issuer owned by Infra Hub S.r.l., Leone Infrastructure S.r.l. and Sviluppato 87 S.r.l. (collectively, the "**Shareholders**"), representing, in the aggregate, approximately 99.99 per cent. of the share capital of the Issuer, pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Shareholders, the Trustee and the Security Agent (the "**Issuer Share Pledge Agreement**"); (iii) a pledge over each of the bank accounts of the Issuer and an assignment by way of security of the receivables of the Issuer arising from, or in connection with, the Intercompany Loan Agreements and the Hedging Documents pursuant to a security deed (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**Security Deed**") (each term as therein defined); and (iv) a pledge over the shares of SAVE S.p.A. owned by the Issuer representing the 98.8% of the share capital of SAVE S.p.A. pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**SAVE Share Pledge Agreement**" and together with the Issuer Share Pledge Agreement and the Security Deed, the "**Collateral**"). Pursuant to the Intercreditor Agreement, proceeds from the enforcement of the Collateral will be shared *pro rata* among the Secured Parties (as defined in the Intercreditor Agreement, including the holders of the Bonds) who have enforced their security interests pursuant to the Transaction Security Documents (as defined in the Terms and Conditions of the Bonds, see Condition 4(a) (*Secured Property and Negative Pledge*)).

**NEITHER CONSOB NOR BORSA ITALIANA S.P.A HAVE EXAMINED OR APPROVED THE  
CONTENT OF THIS ADMISSION DOCUMENT**

## IMPORTANT NOTICES

This admission document dated 18 December 2018 (the "**Admission Document**") contains important information and it should be read in its entirety, in conjunction with all information which is incorporated by reference in and forms part of this Admission Document.

This Admission Document is made available at the registered office of Milione S.p.A. ("**Milione**" or the "**Issuer**"), at Via Galileo Galilei 30/1, 30173 Venice (VE) and on the website of Milione at the following link ([www.milionespa.it](http://www.milionespa.it)).

This Admission Document has been prepared exclusively in relation to the admission to trading on the professional segment of the ExtraMOT (the "**ExtraMOT PRO**"), managed by Borsa Italiana S.p.A. ("**Borsa Italiana**"), of the "€300,000,000 2.47 per cent. Senior Secured Bonds due 20 December 2026", ISIN code: XS1922522021 / Common code: 192252202 (the "**Bonds**") issued by Milione.

This Admission Document has been drafted in accordance with the rules of the ExtraMOT PRO (the "**Rules of ExtraMOT**") and does not represent a prospectus pursuant to Legislative Decree No. 58 dated 24 February 1998 and to Regulation No. 11971 dated 14 May 1999, both as subsequently amended and supplemented (the "**Financial Services Act**" and "**Regulation No. 11971**", respectively).

Neither this Admission Document nor the transactions described herein represent, or may be intended as representing, a public offering of financial instruments nor an admission to trading of financial instruments on a regulated market (*mercato regolamentato*) as defined in the Financial Services Act and in the Regulation No. 11971. Therefore, the Bonds are not subject to the Commission Regulation (EC) No. 809 dated 29 April 2004 implementing the Directive 2003/71/EC, as successively amended. This Admission Document is not a prospectus for the purposes of Directive 2003/71/EC, as amended or superseded, or with any other rule or regulation regarding the prospectus to be published for the offer or for the admission to trading of financial instruments (including Articles 94 et. seq. and 113 et. seq. of the Financial Services Act).

**Neither the Commissione Nazionale per le Società e la Borsa ("CONSOB") nor Borsa Italiana have examined or approved this Admission Document.**

English is the language used by Milione the purposes of this Admission Document, as well as for the purposes of any other document and/or information made available and/or to be made available to the investors pursuant to applicable laws and regulations and to the terms and conditions of the Notes. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended and securities legislations of other countries where it is unlawful to sell, transfer or deliver the Bonds, either directly or indirectly, in lack of exemptions or authorisations from the competent Authorities (the "**Other Countries**") and, accordingly, the Bonds may not be offered, sold or delivered within the United States and the Other Countries or to, or for the account or benefit of, U.S. persons or to those persons to whom they may not be sold, transferred or delivered pursuant to applicable laws.

The distribution of this Admission Document and the offer, sale and delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Admission Document (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions.

Neither this Admission Document nor any part of it constitutes an offer, or may be used for the purpose of an offer, to sell any of the Bonds, or a solicitation of an offer to buy any of the Bonds, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The Bonds may not be offered or sold directly or indirectly, and neither this Admission Document nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Bonds may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

In particular, the Bonds will not and may not be offered, sold or delivered in the Republic of Italy and copy of this Admission Document will not and may not be made available in the Republic of Italy nor any other offering material relating to the Bonds, other than to "qualified investors" ("*investitori qualificati*") as referred to in article

100 of the Financial Services Act, as implemented by article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended, pursuant to article 34-ter, paragraph 1, letter (b) of Regulation No. 11971 and in accordance with any applicable Italian laws and regulations.

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

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

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

This Admission Document, including, without limitation, any documents incorporated by reference herein, may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Group's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's and/or SAVE's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

In this Admission Document, unless otherwise specified, references to "**SAVE**" is to SAVE S.p.A. (the operating company and only subsidiary of Milione), references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of 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, and references to the "**Group**" are to Milione and its subsidiaries.

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

## CONTENTS

	Page
IMPORTANT NOTICES .....	2
RESPONSIBILITY STATEMENT.....	5
STRUCTURAL OVERVIEW OF THE BONDS AND USE OF PROCEEDS .....	6
RISK FACTORS .....	8
DESCRIPTION OF MILIONE .....	22
BUSINESS DESCRIPTION OF THE GROUP .....	24
REGULATORY FRAMEWORK OF THE SUBSIDIARY SAVE .....	34
CORPORATE GOVERNANCE .....	41
FINANCIAL INFORMATION RELATING TO THE FINANCIAL POSITION OF MILIONE AND INDEPENDENT AUDITORS .....	44
TERMS AND CONDITIONS OF THE BONDS .....	46
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM .....	107
TAXATION .....	109
ADMISSION TO TRADING AND DEALING ARRANGEMENTS .....	118

## **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Admission Document. To the best of its knowledge and belief (having taken all the reasonable care to ensure that such is the case) the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation not contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been authorised by, or on behalf of, the Issuer. Neither the delivery of this Admission Document nor any sale or allotment of any of the Bonds shall, under any circumstances, constitute a representation or imply that there has not been any change or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the information contained herein since the date hereof, or that the information contained herein is correct as at any time subsequent to the date of this Admission Document.

Neither the Trustee nor the Security Agent make any representation, warranty or undertaking, express or implied, or accept any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information in this Admission Document or part thereof or any other information provided by the Issuer in connection with the Bonds. Neither the Trustee nor the Security Agent accept any liability or responsibility whatsoever in relation to the information contained in this Admission Document or any other information provided by the Issuer in connection with the Bonds.

## STRUCTURAL OVERVIEW OF THE BONDS AND USE OF PROCEEDS

In August 2017, Milione carried out a financing transaction that envisaged the redemption of the bank loan previously in place with its subsidiaries and the signing of a new credit line for a maximum amount of Euro 440 million with certain financial institutions (the "**Issuer's Indebtedness**"). Cash availability was also used to redeem the previous loans, but also to pay the consideration of the acquisition of SAVE. This loan had a five-year duration and it was guaranteed by a set of security interests. Moreover, the bank loan was subject to compliance with certain economic and financial parameters, that had to be checked every six months and which, on the basis of the calculations carried out, were respected as at 30 June 2018.

In December 2017, SAVE fully repaid the residual debt related to all loans in place and, at the same time, signed a new credit line with a pool of banks for a total amount of Euro 580 million ("**SAVE's Indebtedness**"). The credit line had a five-year duration and envisaged the bullet redemption upon maturity of the amounts used. The financing contract envisaged the fulfilment of some financial covenants to be determined with respect to the consolidated financial statements of SAVE.

In order to, *inter alia*: (i) refinance in full the Issuer's Indebtedness and the relevant transaction costs; and (ii) make intercompany loans (which do not breach the stability requirement under the Programme Agreement) and/or equity injections (in the form of share capital and/or equity reserves) to SAVE to be utilised for the refinancing of part of SAVE's Indebtedness and for the financing of the capital expenditures under the programme agreement (*contratto di programma*) dated 26 October 2012 regarding the airport activities of the "Marco Polo" airport under the concession agreement between SAVE and ENAC, as amended from time to time (the "**Programme Agreement**"), in addition to general corporate and working capital purposes of the Issuer and SAVE (but not towards acquisitions of companies, businesses or going concerns or prepayment of any term loan under the Senior Facility Agreement as defined below), in December 2018 Milione has carried out a financing transaction that envisages:

- 1) a senior facility agreement, on 13 December 2018, entered into by and between, *inter alios*, Milione as borrower, Deutsche Bank AG, London Branch as security agent and certain financial institutions for a maximum amount of Euro 695 million (the "**Senior Facility Agreement**");
- 2) a bilateral financing agreement signed on 17 December 2018 by Milione and European Investment Bank for a maximum amount of Euro 150 million (the "**EIB Financing**"); and
- 3) a private placement for the issuance of the Bonds for an amount of Euro 300 million.

The Senior Facility Agreement, the EIB Financing and the Bonds will be subject to, and have the benefit of, *inter alia*: (i) an English law governed intercreditor agreement dated 20 December 2018, as amended and restated from time to time, entered into between, *inter alios*, the Issuer, Deutsche Bank AG, London Branch as security agent also acting in its capacity as representative (*rappresentante*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code (the "**Security Agent**"), Deutsche Trustee Company Limited as trustee (the "**Trustee**") and the other Secured Parties named therein (the "**Intercreditor Agreement**"); (ii) a pledge over the shares of the Issuer owned by Infra Hub S.r.l., Leone Infrastructure S.r.l. and Sviluppo 87 S.r.l. (collectively, the "**Shareholders**"), representing, in the aggregate, approximately 99.99 per cent. of the share capital of the Issuer, pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Shareholders, the Trustee and the Security Agent (the "**Issuer Share Pledge Agreement**"); (iii) a pledge over each of the bank accounts of the Issuer and an assignment by way of security of the receivables of the Issuer arising from, or in connection with, the Intercompany Loan Agreements and the Hedging Documents pursuant to a security deed (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**Security Deed**") (each term as therein defined); and (iv) a pledge over the shares of SAVE S.p.A. owned by the Issuer representing the 98.8% of the share capital of SAVE S.p.A. pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**SAVE Share Pledge Agreement**" and together with the Issuer Share Pledge Agreement and the Security Deed, the "**Collateral**"). Pursuant to the Intercreditor Agreement, proceeds from the enforcement of the Collateral will be shared *pro rata* among the Secured Parties (including the holders of the Bonds) pursuant to the Transaction Security Documents (as defined in the Terms and Conditions of the Bonds, see Condition 4(a) (*Secured Property and Negative Pledge*)).

The Intercreditor Agreement contains provisions governing the rights of the Bondholders and the other Secured Parties in respect of the *pro rata* sharing and priority of application of amounts received or recovered in respect

of the Collateral. By purchasing a Bond, Bondholders are deemed to have agreed: (i) to, and accepted, the appointment of the Trustee as bond trustee; (ii) to, and accepted, the appointment of the Security Agent, acting also as representative (*rappresentante*) for the purposes of Article 2414-*bis*, paragraph 3, of the Italian Civil Code; and (iii) to, and acknowledged, that the Security Agent, in such capacity and as security representative, will administer the Transaction Security Documents in accordance with, and with the benefit of, the full protection set out in the Trust Deed and the Intercreditor Agreement. The Security Agent has the right under the Transaction Security Documents entered into in favour of, *inter alios*, the Bondholders and the Security Agent to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in accordance with such Transaction Security Documents and pursuant the Conditions.

The Bonds constitute (subject to Condition 4 (*Secured Property and Negative Pledge*)) direct, unconditional, secured obligations of the Issuer which are secured in the manner provided in Condition 4 (*Secured Property and Negative Pledge*) and at all times rank *pari passu* and without any preference among themselves.

The Bonds and the Trust Deed are governed by English law save for the provisions of the Trust Deed concerning the meetings of Bondholders (including any appointment of a Bondholders' Representative in respect of the Bonds) which are governed by Italian law. The Transaction Security Documents and all non-contractual obligations arising out of, or in connection therewith, are governed by Italian law.

#### **Use of Proceeds**

The proceeds of the Bonds will be used for: (i) refinancing in full the Issuer's Indebtedness and the relevant transaction costs; and (ii) making intercompany loans (which do not breach the stability requirement under the Programme Agreement) and/or equity injections (in the form of share capital and/or equity reserves) to SAVE to be utilised for: (a) the refinancing of part of SAVE's Indebtedness; and (b) the financing of the capital expenditures under the Programme Agreement, in addition to general corporate and working capital purposes of the Issuer and SAVE (but not towards acquisitions of companies, businesses or going concerns or prepayment of any term loan under the Senior Facility Agreement).

## **RISK FACTORS**

*Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Admission Document, including in particular, the risk factors described below, and any document incorporated by reference herein. Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Admission Document have the same meanings in this section.*

*Prospective investors should note that the risks relating to the Issuer and its Group, the industry(ies) in which the Group operate and the Bonds described herein are the risks that the Issuer believes, based on information currently available to it, to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Bonds. 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. However, the inability of the Issuer to pay interest, repay principal or pay other amounts on or in connection with any Bonds 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 able 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 and the Group. Additional risks and uncertainties relating to the Group and the industry(ies) in which it operates that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Admission Document and their personal circumstances. Prospective investors should also read the detailed information set out elsewhere in this Admission Document including any document incorporated by reference herein and reach their own views, based upon their own judgement and upon advice from such financial, legal, tax and other professional advisers as they deem necessary, prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS**

#### **RISKS RELATING TO THE BUSINESS OF THE GROUP**

*The Group is mainly dependent on the concession agreements which accounts for a substantial part of its revenues.*

The Group is dependent on the exclusive concession agreements to manage and operate (directly or indirectly through other Group companies or third parties) Venice Airport and Treviso Airport (collectively, the "**Airports**"). As at 31 December 2017, almost all of the Group's revenues were derived from aeronautical and non-aeronautical revenues (including revenues from real estate activities and commercial activities, such as sales, sub-concessions and utilities, car parks and advertising) related to the operation of the Airports under the Concession Agreements (see "*Business Description of the Group*" for further information). According to the Group's current business plan, the Issuer expects that all or a substantial part of the Group's future business, revenues and profitability will continue to depend upon the relevant concession agreements which are currently set to expire on 21 March 2041 and 7 May 2053 for Venice Airport and Treviso Airport respectively, although in certain circumstances they could be terminated before that date (see "*Risk Factors — The Group is subject to penalties or sanctions for non-performance of its obligations or default under the Regulatory Framework, which, if unremedied, could result in the Regulatory Framework being terminated*"). No assurance can be given that the Group may be able to renew the relevant concession agreements or enter into a new concession to permit it to carry on its core business after the expiry of the concession, or that any new concession entered into or renewal of the existing Concession Agreements will be on terms similar to those of the relevant concession agreements. Therefore, a loss or non-renewal of the relevant concession agreements could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group is subject to penalties or sanctions for non-performance of its obligations or default under the Regulatory Framework, which, if unremedied, could result in the Regulatory Framework being terminated.***

The Group is required to comply with significant obligations under the concession agreement relating to the Venice Airport. Pursuant to the Regulatory Framework (as defined in section "Regulatory Framework" below), the Group is subject to penalties or sanctions, which in certain cases can be significant, for non-performance of its obligations or default under the Concession Agreements. Additionally, certain events or significant breaches by the Group in the performance of its obligations under the Regulatory Framework (such as, *inter alia*, serious breaches of the Italian Navigation Code (*Codice della Navigazione*), breaches of safety provisions, significant and unjustified delays in the implementation of the investment plan and/or failure to pay the concession's fees and the occurrence of events indicating that the concessionaire is no longer in the ability to manage the airport) could lead to the early termination of the concession agreement (for further information see "Regulatory Framework"). Moreover, upon valid public interest reasons ( *motivate esigenze di interesse pubblico*), duly explained and compared with the interest of the Group to holding the Concession Agreement, the relevant public authority may revoke the concession agreement.

Upon the end of the concession agreement, the Group have to return its fixed assets to ENAC (*demanio dello Stato*), and the new text of Art. 703 of Italian Navigation Code gives the right to each Airport to receive a terminal value, at the end of the concession period, equal to the net book value of "all" (aviation and non-aviation) capital expenditure made by the company during the concession period.

The application of penalties or sanctions for the Group's non-performance of its obligations or default under the Regulatory Framework could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds. The foregoing may affect the Issuer's ability to fulfil its obligations under the Bonds.

***Failure to agree on and apply adequate tariff increases under the Regulatory Framework may result in insufficient remuneration of the Group's investments and costs.***

The Regulatory Framework introduced a long-term tariff system that attempts to remunerate the Group's infrastructure investments fairly, based on objective criteria. In particular, the Regulatory Framework provides tariff periods of ten years, divided into five-year sub-periods. For the second five-year sub-period (*i.e.* 2017-2021), the real pre-tax weighted average cost of capital (or "WACC") has been set at 7.73 per cent. At the end of each tariff period and sub-period, the Regulatory Framework establishes, *inter alia*, a mechanism to update the basis for setting tariffs, which will be applied in the following period or sub-period. The Regulatory Framework also contemplates the recalculation of tariffs on a yearly basis (in respect of investments made), on a five-yearly basis (for the assessment of operational costs applied in tariff-setting, as well as in respect of certain other parameters, such as traffic volume forecasts and the real pre-tax WACC relating to the investments made) and on a ten-year basis (which requires the signing of an agreement between the Group and ENAC, with the issuance of a decree by the Italian Ministry of Infrastructure and Transport, in agreement with the Ministry of Economy and Finance). The level of tariffs applied depends, *inter alia*, on the Group's actual and projected investments, traffic forecasts, efficiency and quality and environmental quality and protection improvement targets. The resulting tariffs determined in accordance with the Regulatory Agreement may not be increased in subsequent tariff periods or sub-periods if the Group has not met its obligations under the Regulatory Framework. An insufficient tariff increase may affect the Issuer's ability to fulfil its obligations under the Bonds.

***In the event of a termination of the concession Agreement, the compensation payment due to the Group would not necessarily equal the amount the Group would have expected to receive thereunder.***

It cannot be excluded that in the event of revocation and/or withdrawal of the concession agreement pursuant to Italian law, the calculation of the amount of compensation payable to the Group could lead to protracted negotiations or litigation regarding the amount of such compensation payment (see "Regulatory Framework" for further information). Therefore, any of these termination events could result in the Group receiving less than it expects to receive upon a termination event. Such compensation payment may curtail future expected cash flows from the concession agreement and the amounts that were expected to cover repayment of debt may not be sufficient, which would have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group's income could decline as a result of a reduction of air traffic volumes, passengers or other factors outside the Group's control.***

Under the dual-till model allowed by the Regulatory Framework, the Group derives its revenues from: (i) aeronautical revenues derived from airport fees and air tariff charges levied on airlines, which are based on the number of passengers, maximum total aircraft weight and the length of time that an aircraft is parked at the airport; and (ii) non-aeronautical revenues derived primarily from royalties from retail concession fees and car parking (see, "*Regulatory Framework*" for further information). The amount of both types of revenues primarily depends on air traffic volumes, and therefore reduced air traffic would affect both tariffs and royalties.

The air traffic volumes and the number of passengers using the Airports may be affected by several factors, including, *inter alia*, macroeconomic events or circumstances, whether affecting the global economy generally or the Italian economy in particular, which may affect the demand for travel, competition from other airports, labour unrest of the Group employees, airlines staff and/or air traffic controllers and sector operators, an increase in airfares due to increased airline costs, decisions by airlines regarding the number, type and capacity of aircraft, as well as the routes on which particular aircraft are utilised, disruptions caused by climate change and natural disasters, severe weather conditions at the airports (*e.g.* snow, fog, etc.) causing flight cancellations, significant changes to airlines' schedules and possible damage to the Airports' facilities and changes in domestic or international regulation, including environmental regulation.

A reduction in the air traffic volumes or a decrease in the number of passengers using the Airports as a result of any of the abovementioned factors could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

The Group's principal sources of non-aeronautical income include royalties from retail concession fees and car parking, property rental income and income from other commercial services, including advertising and IT. Retail concession fees are driven by passenger numbers and the propensity of passengers to spend in the shops at the airports. As noted above, there are a variety of factors that could adversely affect the number of passengers using the Airports and their propensity to spend. Levels of retail income at the airports may also be affected by: changes in the mix of long-haul and short-haul flights, whether passengers have a layover and the length of such layovers, economic factors (including exchange rates and changes in duty free regimes), stricter hand luggage and other carry on restrictions and reduced shopping time as a result of more rigorous and time-consuming security procedures. Car parking income could also be reduced as a result of increased competition from other modes of transport to the airports, such as buses and trains. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group is exposed to credit risk.***

In conducting its commercial and financial activities, the Group is exposed to the risk that its counterparties including, among others, the main carriers operating at Venice Airport and Treviso Airport and counterparties performing non-regulated and commercial activities might not be able to promptly and/or fully discharge all or part of their obligations, whether these involve the payment for goods already delivered and services rendered. Notwithstanding the risk management policies applied by the Group (especially in relation to counterparties performing non-regulated and commercial activities), any failure by any significant counterparty of the Group to promptly and/or fully discharge all or part of its obligations could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group may not be able to implement the investment plan required under the Regulatory Framework within the agreed timeframe and budget, which may result in penalties and sanctions under the Regulatory Framework.***

The long-term investment plan contained within the Regulatory Framework requires the Group to carry out a number of significant investment projects to expand and improve the Venice Airport. Although the Group have so far completed all projects within the expected timeframe and within the budget approved by ENAC, there can be no assurance that the Group's estimates regarding the cost of, and time to complete, the relevant projects will be accurate, particularly since some of the projects are in the preliminary stages of planning and have not yet been approved. Consequently, the Group may be subject to cost overruns due to, *inter alia*, unexpected technical or structural issues arising during construction, difficulties in obtaining certain approvals, legal proceedings and

unexpected expenses relating to contractors and subcontractors or to unforeseeable events. Therefore, any failure to complete the Projects within the planned timeframe and/or budget could have a material adverse effect on the Group's financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

Moreover, Italian local, regional and national laws and regulations impose stringent requirements on the planning and implementation of construction works which affect the relevant projects. For example, Italian environmental laws and regulations require the performance of environmental impact studies during the planning phase of a project. However, during the implementation phase of a project, the Group may face unexpected construction issues that were not discovered during the planning phase of such projects. Such unexpected issues may require the Group to carry out certain additional mitigating measures which may result in the interruption of, or delays in, construction works. Local authorities may also delay construction works in order to conduct verification procedures. The Group may be required to obtain new authorisations for any changes to its construction plans. In addition, the Group may be held liable in the event of violations of applicable laws and regulations in connection with its handling of such unexpected issues, and any legal proceedings may result in further construction delays or even the termination of the construction works. Although such cost overruns and delays may be accounted for by ENAC under the tariff mechanisms of the Regulatory Framework, the failure to complete the construction projects within the planned timeframe and/or budget agreed with ENAC could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The execution of new or amended bilateral agreements between the Italian State and other States may not occur or be delayed, resulting in restricted access of carriers to North-Eastern Italian airports.***

Over the years the Group has increased its focus on expanding routes and increasing frequencies from North-Eastern Italian airports in order to increase passenger and cargo traffic through the carriers already operating from such airports and by attracting new carriers, particularly on routes to and from countries that have experienced more significant economic growth. For these purposes, the Group also relies on the Italian State entering into new or amended bilateral agreements with other States, which govern access to the international air transport market. Accordingly, any failure or delay in entering into new bilateral agreements or renewing or amending existing bilateral agreements may limit the ability of carriers to access or increase their own presence at North-Eastern Italian airports, even if on a temporary basis or to a limited extent, and the Group's ability to efficiently pursue new commercial opportunities, which could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group is exposed to risks associated with the failure by counterparties to perform their day-to-day operations at the Airports.***

The Group depends on the cooperation of a large number of third parties, including government agencies, local authorities and business partners, to provide essential functions, such as air traffic control, cargo and baggage handling services, customs and border control, re-fuelling, rescue and fire-fighting services, utilities provision and catering. The Group's business operations and/or reputation may be affected if these service providers do not adequately perform or interrupt performance of the services they are required to provide. Any failure by these third parties to appropriately respond to passenger volumes, accidents, fire, technical defects or failures in IT or data processing may cause flight delays, damage to facilities and the cancellation of airport services. Furthermore, these third parties may experience financial difficulties or become insolvent. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group may be dependent on Ryanair and EasyJet***

The Venice Airport exhibits a diversified carrier mix. Overall, when considering the combined position of the Venice and Treviso airports, Ryanair and EasyJet are the two main airlines, with a share of traffic in the area of approximately 20%, respectively. As for other sector operators, the possible decrease or discontinuation of flights by any of the abovementioned carriers for any reason whatsoever including any deterioration of the financial condition of any of these airlines could adversely affect passenger and cargo throughout and the volume of air transport at the Venice and Treviso Airports.

***The Group's ordinary business operations are subject to extensive laws and regulations that are subject to change and over which the Group has no control.***

The Group operates in a highly regulated environment at a domestic, European and international level. The Italian airport sector and the Regulatory Framework are governed by a series of Italian local, regional and national laws and regulations that must also comply with, and be subject to, EU law, which may be more restrictive. As a consequence of a change in law, the Regulatory Framework may be amended, revised or suspended. No assurance can be given as to the impact of any possible change to the laws and regulations and/or to the Regulatory Framework. In addition, the Group's activities are subject to a broad range of environmental laws and regulations enforced by regular governmental audits, the results of which may give rise to claims for damages and/or sanctions, resulting, *inter alia*, in potential damage to the Group's image and reputation.

The cost of complying with such laws and regulations, including health, safety and environmental laws and regulations, could be onerous, and any failure to comply with such laws and regulations could result in the Group being subject to penalties for violations or incurring costs related to implementing mitigating or other measures. Moreover, the Group or the airlines that use the Airports may be required to incur additional costs related to implementing such new laws and regulations. For example, since 30 July 1999, the Veneto Region (within which the Airports operate) has imposed strict regional regulations on management of water resources and water quality, which apply to Venice Airport due to its positioning between the lagoon and the mainline. Although the tariff increase mechanism in the Regulatory Framework allows for possible increases in tariffs to compensate for regulatory developments that adversely affect the Group, there can be no assurance that tariffs would be adequately raised to generate sufficient revenues to fund such additional regulatory costs. Therefore, compliance with, changes in, or violations of, such laws and regulations and the introduction of other taxes, could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***Airport operation is a complex undertaking that is subject to a number of operational risks that could lead to service interruption at the Airports.***

The Group is exposed to a number of operational risks that could lead to service interruption at the Airports. These operational risks include, *inter alia*, airplane accidents, acts of terrorism, fires, flooding, bird strikes, service interruption by utility providers (*e.g.* water, electricity, etc.) or connectivity services, technical issues, explosions, earthquakes, contagious disease outbreaks, volcanic ash clouds and other forms of inclement weather (*e.g.* snow, fog, etc.). Some of these risks could result in the deaths of passengers or employees and damage to, or destruction of, infrastructure, property and the environment, any of which could affect the normal operation of the Airports and cause significant service interruption at the Airports. More specifically, in common with other airports, there is always the risk of an accident, act of terrorism, or outbreak of a contagious disease (*e.g.*, avian flu, severe acute respiratory syndrome, foot and mouth disease, or the ebola virus) occurring at or near the Airports. If such an event occurs at the Airports, operations may be interrupted while such event is investigated and any ensuing damage is repaired. Such event could also affect travel behaviour by reducing passenger traffic to or through Venice, Treviso, Verona or Brescia for a longer period. Furthermore, any governmental inquiry held to examine the causes of and responses to such event might result in the Group being required to modify or even, in extreme cases, temporarily cease its operations at the Airports, and to potentially incur significant costs. The imposition of additional government-mandated security and other preventative measures at the Airports could also lead to additional limitations on airport capacity or retail space, resulting in overcrowding, increases in operating costs, delays in passenger movement through the Airports and other forms of service interruption.

In addition, air traffic volumes are highly dependent on weather conditions and inclement weather, such as blizzards, strong winds and flooding, may lead to service interruption at the Airports, the occurrence of which could decrease air traffic volumes and/or cause a temporary inability to operate the Airports' infrastructure and facilities (including shops and retail areas). Such decrease in air traffic volumes and temporary inability to operate infrastructure and facilities could result in a significant decline in revenue from the Airports or a significant increase in expenditure for the operation, maintenance or repair of the Airports. Either result could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***Risks relating to cyber-crime and data protection.***

The airports systems' operations are dependent on their own information technology systems and those of its third-party service providers. The Group could be a target of cyber-attacks designed to infiltrate such systems,

misappropriate proprietary information and/or cause interruption to its services. This could negatively affect the Group's reputation and potentially expose it to the loss of information, litigation and possible liability. In addition, the Group is exposed, *inter alia*, to risks concerning data protection law, especially following the introduction of Regulation (EU) 2016/679 ("**GDPR**"), although the Group is conducting a survey of the most sensitive internal procedures in terms of the data protection and aims at implementing the principles of GDPR in its privacy policy.

***The Group is subject to risks associated with its fixed costs that are incurred regardless of air traffic volumes.***

A significant portion of the costs incurred by the Group is fixed and not directly linked to the level of air traffic volumes. These fixed costs include operating expenses relating to employees, maintenance, cleaning and depreciation/amortisation that do not fluctuate significantly with air traffic volumes. As a result, the Group has limited flexibility in dealing with any unforeseen shortfall in revenues, related to periods of lower air traffic volumes, which therefore could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group is subject to legal proceedings that could adversely affect its consolidated revenues.***

As part of their ordinary course of business, companies within the Group are subject to a number of administrative, civil and tax proceedings and actions. For example, one or more parties who have suffered a loss as a result of an accident at the Airports may seek compensation from the Group, requiring the Group to incur costs and spend management time defending such claims. Notwithstanding the foregoing, the Group has not recorded provisions in respect of all the proceedings to which it is subject. In particular, the provisions are only recorded when: (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event; (ii) it is probable that compliance with the obligation will result in a charge; and (iii) the amount of the obligation can be estimated reliably. There can be no assurance that the Group will not be ordered to pay an amount of damages with respect to proceedings for which it has either recorded an insufficient provision, or no provision at all. The foregoing could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group may be required to make significant payments for damages and its insurance coverage might not be adequate or available in all circumstances.***

Although the Group holds all risk, accident and civil liability insurance policies, there can be no assurance that these cover all of the liabilities that may arise from third party claims, or from any required reconstruction, or maintenance and operating losses, including costs resulting from damage to the Airports. Insurance policies may not apply if a particular loss is not covered, or is specifically excluded, thereunder, for example as a result of the application of deductibles, cover limits or excess levels, or if an insurer successfully relies on a defence available to it, such as the breach of disclosure obligations or conditions or misrepresentation. Any failure to obtain or maintain an insurance policy, or to be covered for a loss thereunder, could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group is subject to the risk of labour disputes.***

Although the Group enjoys good relations with its employees and their appropriate unions, it may however experience strikes, lockouts or other significant work stoppages in the future. In addition, the Group may also be affected by work stoppages of third parties' employees, such as pilots and crew of Italian or international airlines, air traffic control staff, public emergency workers or the Group's subcontractors' workers. For example, to address the issue of fragmented European air space and air traffic control bodies, the EU has introduced measures to harmonise European airspace through the merger of various EU member states' air traffic control bodies. However, air traffic controllers' labour unions, who fear these changes will result insignificant job losses, have been engaged in work stoppage actions. Labour unrest involving its own employees and those of third parties could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***The Group's leverage may have significant adverse financial and economic effects on the Issuer.***

The Group's net financial position amounted to Euro 663 million as at 31 December 2017 and Euro 728 million as at 30 June 2018. The Group's leverage could increase its vulnerability to a downturn in its business or economic and industry conditions and have significant adverse consequences, including but not limited to:

- limiting the Group's ability to obtain additional financing to fund future working capital, capital expenditure, investment plans, strategic acquisitions, business opportunities and other corporate requirements;
- requiring the use of a substantial portion of the Group's cash flow from operations for the payment of principal and interest on the Group's indebtedness, which would make such cash flow unavailable to fund the Group's operations, capital expenditure, investment plans, business opportunities and other corporate requirements; and
- limiting the Group's flexibility in planning for, or reacting to, changes in the Group's business, competitive environment and industry.

The incurrence of additional indebtedness would also increase the leverage-related risks. There can be no assurance that the Group will be able to raise future finance on terms that are economically viable, or at all. Any of these or other consequences or events could have a material adverse effect on the Group's business, financial condition and results of operations and may affect the Issuer's ability to fulfil its obligations under the Bonds.

***Risks connected with the importance of certain key figures.***

The commercial success of the Group depends on a number of key figures who have contributed significantly to the Group's development. The Group considers that it has in place an adequate operational and managerial structure to ensure continuity of general and operational management. However, in the case where such key figures discontinued their working relationship with the Group, there is no guarantee that a suitable replacement may be found in such a time period so as to ensure the same contribution in the short-term, with consequent possible implications for the Group potentially reducing the Issuer's ability to repay the Bonds.

***Risks associated with consequences of the United Kingdom's exit from the European Union***

The Group business may be affected by the United Kingdom leaving the European Union.

On 23 June 2016 a referendum was held in the United Kingdom regarding membership of the European Union. The result of the referendum was to leave the European Union, which has created a number of uncertainties within the United Kingdom and its relationship within the European Union. The result is likely to generate further increased volatility in the markets and economic uncertainty which could have a material adverse effect on the Group business, financial condition or results of operations. Under Article 50 of the 2009 Lisbon Treaty ("**Article 50**"), the United Kingdom will cease to be a member state when a withdrawal agreement is entered into, or failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the United Kingdom) unanimously decides to extend this period. On 29 March 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union. Following negotiations between the representatives of the United Kingdom and the European Commission, on 14 November 2018 a draft withdrawal agreement setting forth the terms that will apply to the relationships between the United Kingdom and the European Union was published (the "**Draft Withdrawal Agreement**").

There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union. In particular, even though the Draft Withdrawal Agreement has been approved by the European Council, there is no clarity on whether it will be finally ratified, and in general the outcome of the negotiation of the United Kingdom's exit terms is still uncertain. Until the terms and timing of the United Kingdom's exit from the European Union are confirmed, it is not possible to determine the full impact that the referendum, the United Kingdom's departure from the European Union and/or any related matters may have on general economic conditions in the United Kingdom.

***The Group is subject to exposure on its hedging arrangements***

The Group uses financial instruments to cover its exposures to the risks of changes in the interest rates on its existing indebtedness. In particular, in 2017, Milione (formerly Agorà Investimenti S.p.A.), at the same time as the overall restructuring of the loans obtained for the investment in SAVE, subscribed derivative financial instruments to hedge the cash flows on the variable rate mortgage payable.

Furthermore, the Group may enter into other interest hedging arrangements to hedge the exposure to fluctuations in interest rates and would be exposed to credit risks of the relevant counterparties. If one or more of the counterparties falls into bankruptcy, claims the Group have under the hedging arrangements may become worthless. In addition, in the event that the Group refinances its debt or otherwise terminates such hedging agreements, it may be required to make termination payments, which would result in a loss.

Unfavourable movements in interest rates may reduce the Issuer's ability to repay the Bonds and its other indebtedness and to finance operations and future business opportunities.

***Milione requires a significant amount of cash to service its debt and its ability to generate sufficient cash depends on many factors beyond its control***

Milione's ability to make payments on and to refinance its debt and to fund working capital and capital expenditures will depend on its future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Issuer's control, as well as the other factors discussed in these "Risk Factors".

No assurances can be given that the businesses of Milione will generate sufficient cash flows from operations or that future debt and equity financing will be available in an amount sufficient to enable the Issuer to pay its debts as they become due, including the Bonds, or to fund other liquidity needs.

If the Issuer's future cash flows from operations and other capital resources (including borrowings under existing or future credit facilities) are insufficient to pay its obligations as they mature or to fund liquidity needs, Milione may be forced to:

- reduce or delay participation in certain non-concession related business activities, including complementary activities;
- sell certain non-core business assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt, including the Bonds, on or before maturity.

No assurances can be given that the Issuer would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

***Any future credit rating downgrade may impair the Issuer's ability to obtain financing and may significantly increase its cost of funding***

Credit ratings affect the cost and other terms upon which the Issuer is able to obtain financing (or refinancing). Rating agencies regularly evaluate the Issuer and its rating of Milione's existing capital markets debt is based on a number of factors, some of which are outside of the Issuer's control. For example, any downgrade of the Republic of Italy's long-term credit rating may also affect Milione's credit rating. The Issuer's long-term debt is currently rated "Baa3 stable" by Moody's. Moody's is registered under Regulation (EC) No. 1060/2009 on credit rating agencies of 16 September 2009, as amended.

There can be no assurance that a credit rating downgrade of the Issuer will not occur. The occurrence of any of these events could have a material adverse effect on Milione's business, financial condition and results of operations and/or could have an adverse effect on the market price of the Bonds.

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

***The value of the Collateral securing the Bonds may not be sufficient to satisfy the Issuer's obligations under the Bonds and such collateral may be reduced or diluted under certain circumstances***

The Bonds will be secured by first priority security interests in the Collateral described in this Admission Document. If the Issuer defaults on the Bonds, holders of the Bonds will be secured only to the extent of the value

of the assets underlying the security interests granted in favour of holders of the Bonds. In the event of an enforcement of the security interests in respect of the Collateral, the proceeds from the sale of the assets underlying the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Bonds. The Collateral provided as security for the Bonds is limited to liens granted over the shares of the Issuer and SAVE, over the Issuer's receivables and to liens over all bank accounts of the Issuer. Inventories, intellectual property rights, real property or other assets of the Issuer will not constitute part of the Collateral. No appraisal of the value of the Collateral has been made in connection with this issue of the Bonds. The value of the assets underlying the Collateral will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, regulatory restrictions that could affect such sale, the ability to sell the assets in an orderly sale and the condition of the economies in which operations are located and the availability of buyers.

The shares and other Collateral that is pledged or assigned for the benefit of the holders of the Bonds may provide for only limited repayment of the Bonds, in part because most of such collateral may not be liquid and its value to other parties may be less than their value to us. Likewise, the Issuer cannot assure the Bondholders that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. In the event of foreclosure, the transfer of the Issuer's business operations may be prohibited or only permitted to a limited group of investors eligible to hold such assets, thereby decreasing the pool of potential buyers. Furthermore, enforcement of the Collateral and any transfer of the Issuer's operations may require, in certain jurisdictions, governmental or other regulatory consents, approvals or filings or might otherwise be challenged.

Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased. Most of the Issuer's assets will not secure the Bonds and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares pledged to secure the Bonds, such shares may also have limited value in the event of bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time. If the proceeds of the Collateral are not sufficient to repay all amounts due on the Bonds, the holders of the Bonds (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Issuer's remaining assets.

***Holders of the Notes may not control certain decisions regarding the Collateral***

The obligations under the Bonds are secured on a first ranking basis with security interests over the Collateral that also secure the Issuer's obligations, including but not limited to, under the Senior Facility Agreement in favour of the pool of lenders, the EIB Financing in favour of the European Investment Bank and certain hedging counterparties. The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Bonds. The Security Agent is required to apply turned over amounts and other recoveries by the Security Agent from enforcement actions toward discharging the obligations according to the order of the application described in the Intercreditor Agreement.

The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement, and the Trust Deed regulates the ability of the Trustee or the holders of the Bonds to instruct the Security Agent, also acting in its capacity as representative (*rappresentante*) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code, to take enforcement action. The Security Agent is not required to take enforcement action unless instructed to do so in accordance with the provisions described in the Intercreditor Agreement. The Security Agent may also refrain from acting in accordance with any instructions until it has been indemnified and/or secured and/or prefunded to its satisfaction that it may in its discretion require for any cost, loss or liability which it may incur in complying with those instructions.

The Intercreditor Agreement will provide that, for purposes of the enforcement of the Collateral, the Security Agent shall act on the instructions to be given by any group of the Secured Parties (as defined in the Intercreditor Agreement) whose commitments represent a certain qualified majority of the aggregate commitments under the secured indebtedness. If the Bonds do not make up a majority of the relevant instructing Secured Parties, the holders of the Bonds would be bound by any decisions of the creditors under the other debt instruments, which may result in enforcement action, or absence thereof in respect of the Collateral, whether or not such action is approved by the holders of the Bonds or may be adverse to such holders of the Bonds.

In addition, any Secured Party (as defined in the Intercreditor Agreement) may have interests that are different from the interests of holders of the Bonds and may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Transaction Security Documents (as defined in the Terms and Conditions of the Bonds) at a time when it would be disadvantageous for the holders of the Bonds to do so. Also, it is possible that disputes may occur between the holders of the Notes and creditors under other secured indebtedness as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral.

Delays in enforcement could decrease or eliminate recovery values. Furthermore, the holders of the Bonds will not have any independent power to enforce, or have recourse to, any of the Transaction Security Documents or to exercise any rights or powers arising under the Transaction Security Documents (as defined in the Terms and Conditions of the Bonds), except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Bonds, the Bondholders will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Bonds will have limited remedies and recourse against the Issuer and with respect to the Collateral in the event of a default.

***The ability of the Security Agent to enforce the Collateral may be limited***

Bankruptcy law could prevent the Security Agent from enforcing the relevant Collateral upon the occurrence of an event of default if a bankruptcy proceeding is commenced by or against the Issuer before the Security Agent takes action to enforce the relevant Collateral. Under Italian bankruptcy laws, secured creditors such as the Security Agent or the holders of the Bonds are prohibited from enforcing security against a debtor, without prior approval of a bankruptcy court. It is impossible to predict how long payments under the Bonds could be delayed following commencement of a bankruptcy case, whether or when the Security Agent could repossess or dispose of the Collateral or whether or to what extent a holder of the Bonds would be compensated for any delay in payment or loss of value of the Collateral.

***The Bonds will be secured only to the extent of the value of the Collateral that has been granted as security for the Bonds and future secured indebtedness may be secured by certain assets that do not secure the Bonds***

The Bonds will be secured only to the extent of the value of the Collateral. Not all of the Issuer's assets secure the Bonds and the Terms and Conditions of the Bonds allow the Issuer and its restricted subsidiaries to secure certain future indebtedness permitted to be incurred with certain property and assets that do not secure the Bonds. If an event of default occurs and the obligations under the Bonds are accelerated, the Bonds will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured indebtedness of the Issuer and its restricted subsidiaries with respect to any property or assets excluded from the Collateral securing the Bonds.

While the Terms and Conditions of the Bonds create certain obligations to grant additional security over assets, or a particular class of assets, whether as a result of granting liens in favour of other indebtedness or the acquisition or creation of future assets or subsidiaries or otherwise, such obligations are subject to certain agreed security principles. Such agreed security principles set forth in the Intercreditor Agreement set out a number of limitations on the rights of the holders of the Bonds to be granted security in certain circumstances. The operation of such agreed security principles may result in, among other things, the amount recoverable under any collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, such agreed security principles may affect the value of the security provided by the Issuer of the Bonds.

***The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Bonds. The ability of the Security Agent to enforce the Collateral may be restricted by local law***

The security interests that will secure the obligations of the Issuer under the Bonds will not be granted directly to the holders of the Bonds but to the Security Agent, and thus the holders of the Bonds will not have any independent power to enforce, or have recourse to, any of the Transaction Security Documents or to exercise any rights or powers arising under the Transaction Security Documents except through the Security Agent as provided in the Intercreditor Agreement. By accepting a Bond, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Bonds will have limited remedies and recourse against us in the event of a default.

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the Italian law in which security interests over the Collateral are taken. For example, in Italy this Collateral will not be granted directly to the holders of the Bonds but will be created and perfected in favour of the Security

Agent, acting also in its capacity as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favour of an agent (*rappresentante*) of the holders of the Bonds who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Bonds which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Bonds could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "suspect period"). A longer period may apply to any Collateral governed by Italian law which may be granted after the issuance of the Bonds.

***It may be difficult to realise the value of the Collateral***

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under, *inter alia*, the Trust Deed, the Senior Facility Agreement and the EIB Financing, whether on or after the date the Bonds are issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realise or foreclose on such Collateral.

Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterisation under the laws of certain jurisdictions.

The Collateral may be subject to practical problems generally associated with the realisation of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

***The covenants in the Bonds and any instruments governing any other Group debt (including the Senior Facility Agreement) may limit the Group's ability to operate its business***

The Terms and Conditions of the Bonds contains affirmative and negative covenants, including covenants restricting, among other things, the Group's ability to incur additional debt, sell assets, create liens or other encumbrances, make certain payments and dividends and merge or consolidate. Such restrictions could affect the ability of the Group to operate its business and may limit the Group's ability to take advantage of potential business opportunities as they arise.

If the Group does not comply with the covenants and restrictions in the Terms and Conditions of the Bonds, the Group could be in default under those agreements, and the debt incurred under those agreements, together with accrued interest, could then be declared immediately due and payable. If the Group defaults under the Bonds, the holders of the Bonds (subject to restrictions on enforcement rights) could cause all of the outstanding debt obligations thereunder to become due and payable, requiring the Group to apply all of its cash to repay the debt thereunder or prevent it from making debt service payments on its other debt. In addition, any default under the Bonds, could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions (including, but not limited to, the Senior Facility Agreement). If the debt under the Bonds, or other debt instruments which may govern the Group's debt is accelerated, the Issuer may not have sufficient assets to repay amounts due thereunder. The Group's ability to comply with these provisions of the Terms and Conditions of the Bonds, and other agreements governing its other debt, may be affected by changes in the economic or business conditions or other events beyond the Group's control.

***Future liquidity and cash flow difficulties could prevent us from repaying the Bonds when due or repurchasing the Bonds when the Issuer is required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision contained in the Terms and Conditions of the Bonds may not necessarily afford the Bondholders protection in the event of certain important corporate events***

At final maturity of the Bonds, or in the event of acceleration of the Bonds following an event of default, the entire outstanding principal amount of the Bonds will become due and payable.

In addition, upon the occurrence of certain events constituting a change of control, holders of the Bonds may in certain circumstances require the Issuer to make an offer to purchase the Bonds at a purchase price equal to the principal amount, plus accrued but unpaid interest and additional amounts, if any, to the purchase date. The Issuer may not have sufficient funds or may be unable to arrange for additional financing to pay these amounts when they become due.

The Issuer's failure to repay holders tendering Bonds upon the occurrence of a change of control event would result in an event of default under the Bonds. If a change of control event were to occur, the Issuer cannot assure the Bondholders that it will have sufficient funds to repay its outstanding indebtedness which the Issuer would be required to prepay or offer to purchase or that became immediately due and payable as a result. The Issuer may require additional financing from third parties to fund any such purchases and the Issuer cannot assure Bondholders that the Issuer would be able to obtain financing on satisfactory terms or at all. The repurchase of the Bonds pursuant to such an offer could cause a default under other indebtedness, even if the change of control itself does not.

The change of control provision contained in the Terms and Conditions of the Bonds may not necessarily afford the Bondholders protection in the event of certain important corporate events, including reorganisation, restructuring, merger or other similar transaction involving us that may adversely affect Bondholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control".

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

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

***The Bonds may be redeemed prior to maturity***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with Condition 10.

In addition, Condition 10 provides that, in certain other circumstances, the Bonds are redeemable at the Issuer's option or, upon occurrence of certain mandatory prepayment events, are subject to mandatory early redemption. An early redemption may have an adverse effect on the investment yield of the Bonds as compared with the expectations of investors and in these circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds and may only be able to do so at a significant lower rate. Potential investor should consider reinvestment risk in light of other investments available at that time.

Furthermore, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption of Bonds.

***Decisions at Bondholders' meetings bind all Bondholders***

Provisions relating to the meetings of Bondholders are contained in Schedule 3 to the Trust Deed and are summarised in Condition 16. Bondholders' meetings may be called to consider matters affecting Bondholders' interests generally, including modifications to the terms and conditions relating to the Bonds. These provisions permit defined majorities to bind all Bondholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Bonds (which may include, without limitation, lowering the ranking of the Bonds, reducing the amount of principal and interest payable on the Bonds, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Bonds and changing the amendment provisions) may have an adverse effect on Bondholders' rights and the market value of the Bonds.

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

The provisions relating to Bondholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Bonds. In addition, as currently drafted, the rules concerning Bondholders' meetings are intended to follow mandatory provisions of Italian law that apply to Bondholders' meetings where the issuer is an Italian company. In addition, certain Bondholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Bondholders should not assume that the provisions relating to Bondholders' meetings contained in the Trust Deed and summarised in the Terms and Conditions of the Bonds will correctly reflect mandatory provisions of Italian law applicable to Bondholders' meetings at any future date during the life of the Bonds.

***No assurance can be given as to the impact of any change of law***

The conditions of the Bonds are based on English law in effect as at the date of this Admission Document, except that provisions convening meetings of Bondholders and the appointment of a Bondholders' Representative in respect of the Bonds are subject to compliance with mandatory provisions of Italian law and that the Transaction Security Documents in respect of Bonds (as defined in the Terms and Conditions) and all non-contractual obligations arising out of the Transaction Security Documents are governed by Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Admission Document.

***Risks relating to taxation regime***

No assurance can be given that the listing of the Bonds will be maintained or that such listing will satisfy the listing requirement under Decree No. 239/1996 in order for the Bonds to be eligible to benefit from the exemption from the requirement to apply withholding tax. If the Bonds are not listed or that listing requirement is not satisfied, payments of interest, premium and other income with respect to the Bonds would be subject to a withholding tax currently at a rate of 26 percent.

The tax regime in Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each holder of the Bonds is resident for tax purposes) may be relevant to the acquiring, holding and disposing of Bonds and the receiving of payments of interest, principal and/or other income under the Bonds. Prospective investors in the Bonds should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries. For further information on the principal Italian tax consequences of the purchase, ownership, redemption and disposal of the Bonds, see the section entitled "*Taxation*" below.

***Because the Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

The Bonds will be represented by the Global Bonds except in certain limited circumstances described in the relevant Permanent Global Bond. The Global Bonds will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the relevant Permanent Global Bond, investors will not be entitled to receive definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Holders of beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

#### ***Delisting of the Bonds***

Application has been made for Bonds to be admitted to trading on ExtraMOT market - Professional Segment (ExtraMOT PRO) operated by Borsa Italiana. Such Bonds may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Bonds as a result of listing, any delisting of the Bonds may have a material effect on a holder of the Bonds' ability to resell the Bonds on the secondary market.

#### ***The secondary market generally***

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

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

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

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

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

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

## DESCRIPTION OF MILIONE

### General

Milione was established on 26 April 2017 for the purpose of indirectly transferring to it the controlling stake in SAVE, the company managing, *inter alia*, directly or through its subsidiaries, a system of airports covering the Veneto region in North-East of Italy, and the holding company of an integrated group actively providing traveller services mainly as a concession holder. With the acquisition of control of SAVE, Milione intends to ensure the continuity of management of SAVE to support the project for the development of the airport system in the North-East, which is headed up by the airport of Venice.

On 9 August 2017, with the acquisition of 43.09% of the share capital of Milione and the entire share capital of Sviluppo 35 S.p.A., a company that holds the equity investment in Milione for the remainder of share capital, the Company came to hold, indirectly, through the aforementioned equity investments, a total of 32,677,585 shares of SAVE, equal to 59.05% of its share capital. Thus, on that date, the legal requirements for promoting a mandatory takeover bid on SAVE were met, for the purpose of acquiring 100% of the shares of that listed company. The takeover bid, at a price of Euro 21 per share, was completed on 13 October 2017, and allowed the bidder Milione to achieve an equity investment of 97.56% in SAVE, thus meeting the legal requirements to exercise the purchase of the residual shares still outstanding.

Following the takeover bid, effective on 23 October 2017, the ordinary shares of SAVE were revoked from listing on the Italian Stock Exchange managed and organised by Borsa Italiana. The entire transaction was financed by contributions from shareholders and support from the banking system.

On 1 February 2018, the shareholders' meeting approved the plan for the merger by incorporation of Milione, Marco Polo Holding S.r.l. and Sviluppo 35 S.p.A. in the company Agorà Investimenti S.p.A.. The relevant merger deed was stipulated on 5 March 2018 and recorded in the Issuer's register on 7 March 2018. On effectiveness of the above, the merging company's name was changed from Agorà Investimenti S.p.A. to Milione and the registered offices were transferred to Venice. Following the above, the Issuer was struck off the Company's register effective from 7 March 2018.

Currently, SAVE represents the only subsidiary directly controlled by Milione.

The corporate purpose of Milione is to exercise, within the limits and in accordance with law, the activities of hiring and managing equity investments (directly or indirectly held through controlled companies or subsidiaries) in the corporate capital of SAVE, as well as the granting of facilities, of any kind, to companies and business belonging to the same group, and in any case not on a public basis. Milione may undertake any commercial, industrial, real estate and financial transactions which is deemed necessary or useful for the achievement of the corporate purpose, including guarantees and real security, also in favour of third parties, with the exception of fundraising on a public basis and the performance of investment services as defined by Legislative Decree No. 385 of September 1, 1993 and by the Financial Services Act.

### Share Capital

The authorised and subscribed share capital of Milione as at 30 June 2018 is Euro 188,737.00 fully paid up, divided into 18,874,407 registered, ordinary shares without a nominal value. For further information on the share capital and control of Milione, see "*Corporate Governance – Shareholders*" below.

### Registered Office

The registered office of Milione is at Viale Galileo Galilei, 30/1, 30173, Venezia (VE), Italy.

### Board of Directors

The current Board of Directors (*Consiglio di Amministrazione*) of Milione was appointed by a resolution of Milione's shareholders' meeting held on 10 August 2017 and will hold office until the shareholders' meeting called for the purpose of approving Milione's financial statements for the year ending 31 December 2019. The Directors Mrs. Monica Scarpa and Mr. Vincent Levita have been appointed by a resolution of Milione's board of directors held on 31 July 2018, in substitution of the Directors Mr. Romain Dechelette and Mr. Cristiano Menegus that have

resigned. They will hold office until next shareholders' meeting. For further information on the Board of Directors, see "*Corporate Governance – Management – Board of Directors*" below.

### **Board of Statutory Auditors**

The current Board of Statutory Auditors (*Collegio Sindacale*) of Milione was appointed by a resolution at the Milione's shareholders' meeting held on 10 August 2017. The Board of Statutory Auditors will hold office until the shareholders' meeting called for the purpose of approving Milione's financial statements for the year ending 31 December 2019. For further information on the Board of Statutory Auditors, see "*Corporate Governance – Management – Board of Statutory Auditors*" below.

### **Financial Statements**

Milione's financial year ends on 31 December of each calendar year. Milione is required under Italian law to publish annual reports. Copies of the latest annual report and annual audited consolidated financial statements of Milione will be made available on Milione's website ([www.milionespa.it](http://www.milionespa.it)) for so long as any of the Bonds remain outstanding, free of charge.

### **Business**

Milione is the only shareholder of SAVE which is an Italian investment holding company which principally operates as an airport manager and has integrated operations in the passenger service sector. See section "*Business Description of the Group*" below.

## BUSINESS DESCRIPTION OF THE GROUP

Milione is the main shareholder of SAVE which is an Italian investment holding company which principally operates as an airport manager and has integrated operations in the passenger service sector. SAVE was incorporated in 1987 as a joint stock company (*società per azioni*) under the laws of Italy with the name of "Aeroporto di Venezia – Marco Polo S.p.A. (SAVE)". It directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium), thereby becoming the first Italian company to participate in the management of a foreign airport, in addition to airport management and related services companies.

Pursuant to SAVE's By-laws, the corporate purpose includes, *inter alia*: the management of airport systems; the design and construction of infrastructure and modernisation, maintenance, innovation, completion and enlargement works regarding the airport system; the management of airport services as well as of other services associated with or useful for the operation of the airport system; the incorporation of companies and entities, with a similar or like business, or in any case associated with its own business, as well as the acquisition and disposal of stakes in the same companies and entities deemed useful for the achievement of the corporate object; and any commercial, industrial, financial, security or real estate transaction, that may be deemed necessary for, or useful to, the achievement of its corporate purpose.

### History and development of SAVE

SAVE Group's history began in 1987 when SAVE was established by local public bodies and private entities to take over management of Venice's Marco Polo airport from the Port of Venice Authority, which had been running since the 1960's.

The following were the most important steps.

- |            |   |
|------------|---|
| Until 2000 | The SAVE's only line of business was managing the airport.  |
| 2001-2002  | SAVE implements new strategies: the SAVE also took over transport infrastructure and related services, as well as restaurant services and managing shops, and entered the Food & Beverage and Retail business through the newly-formed company Airport Elite. SAVE decided to move out of ground handling activities at Venice Airport.<br><br>The new passenger terminal and cargo buildings were opened at Venice airport.<br><br>With a view to developing and enhancing the Group's internal expertise, through Archimede 1 S.p.A., 60% of whose equity was owned by SAVE, the SAVE acquired 40% of the shares of Centostazioni S.p.A., which has managed 103 medium-sized railway stations in Italy.<br><br>Through a resolution of June 21, 2002, ENAC (National Civil Aviation Authority) extended SAVE's concession for airport services at Venice airport until 21 March 2041. |
| 2005       | SAVE was listed on the MTA of the Italian Stock Exchange through a share capital increase of Euro 160 million.<br><br>SAVE Group acquired a more than 10% shareholding in Gemina which, in turn, was the owner of a 51% stake in ADR (Aeroporti di Roma).   |
| 2006       | SAVE acquired from Austrian Airlines 100% of the share capital of Airest, a company engaged in F&B and retail.<br><br>SAVE acquired from the Brescia and Padua motorway company a 100% of the share capital of Ristop, an Italian company that operates F&B businesses as a concessionaire.   |
| 2007       | SAVE Group sold its 10% shareholding in Gemina, realising a substantial capital gain.<br><br>The new terminal at Treviso airport was opened and SAVE secured 80% control in the airport's operator, Aer Tre S.p.A..   |

- 2008 Top financial institutions became SAVE Group shareholders: Generali Assicurazioni and Morgan Stanley joined Finanziaria Internazionale as shareholders of Marco Polo Holding (SAVE Group's principal shareholder).
- SAVE's F&B and retail business unit expanded into Central Europe by buying out two Czech companies in the airport F&B business.
- 2009 SAVE acquired 27.65% of the Belgian company that operates Brussels Charleroi Airport (BSCA) in a partnership with Holding Communal, thereby becoming the first Italian airport operator with foreign equity holdings.
- SAVE Group was granted a 40-year concession for Treviso Airport by the Civil Aviation Authority ENAC.
- 2012-2013 SAVE signed with ENAC and other competent ministries a supplementary Regulatory Agreement for Venice Marco Polo Airport on an exceptional basis in recognition of its strategic role and unique characteristics within the Italian airport system which granted the rate increases which SAVE had applied for ten years previously. The new tariffs system agreement was the pre-requisite for the launch of a significant effort to activate the projected infrastructure investments as well as to improve quality of services. This measure released funds earmarked for investment and enabled further expansion of air travel.
- Following the signing of the Regulatory Agreement, management decided to refocus its strategy on the airport sector. SAVE, therefore, signed a major agreement with the Lagardère Group concerning the Airst Group, creating an industrial partnership resulting (in the first half of 2014) in the exit of SAVE from all Airst operations not within the airports managed by SAVE.
- SAVE obtained the approval of 40 years concession for Treviso Airport by ENAC.
- 2014-2015 SAVE Group strategy focused on the development of airport business.
- SAVE signed an agreement with Lagardère Service for the disposal of Food & Beverage and Retail business with the exception of the activity run in Venice/Treviso and Verona Airport, which remains managed by a 50% partnership with the French Group (Airst Retail S.r.l.).
- SAVE became a shareholder of Verona and Brescia airports with a 40% stake.
- In accordance with the Group's growth strategy, SAVE acquired a holding in the company (Aeroporto Valerio Catullo di Verona Villafranca S.p.A.) operating the airports of Verona Villafranca and Brescia. Shareholder agreements were signed in February 2015 establishing a partnership to jointly manage Verona company, in which it held a 40.3% stake (now 40.8%). The move led to the creation of Italy's new North East Airport complex (Venice/Treviso/Verona-Brescia).
- 2016 SAVE Group consolidated its strategy on the development of airport business. Pursuant to the same strategy SAVE signed an agreement with Ferrovie dello Stato for the divestiture of Centostazioni's shares owned by the Group.
- 2017 There was a major change in the Group's majority shareholder. On 9 August 2017, Agorà Investimenti S.p.A., which held control of SAVE, was entirely sold. The new shareholder Milione S.p.A., a joint subsidiary of the Finint Holding Group, infrastructure funds managed by Infravia Capital Partners and DWS, formerly Deutsche Asset Management, consequently launched a mandatory takeover bid, pursuant to Art. 106 and 109 of the Financial Services Act, on 100% of SAVE's shares. The bid's success resulted in the delisting of SAVE from the Italian Stock Exchange on 23 October 2017. As a result of the acquisition of the control of SAVE, Milione S.p.A. intended to ensure continuity of management to support the development plan of the North-East airport system, centred on the Venice airport. In this respect, Milione S.p.A. has envisaged that SAVE will invest substantially in the airports of the Group, in accordance with the investment plans ratified by ENAC, to continue to improve the level of the service, the security of passengers and workers and with the aim to guarantee state-of-the-art facilities

for travellers and air carriers. Venice airport reached the new passenger record, exceeding 10 million passengers.

During 2017 the investment in Archimede 1 S.p.A. was increased to 100% through the SAVE's acquisition of the remaining minority stake (40%) in the subsidiary Archimede 1 S.p.A. which is the vehicle company that, until 30 January 2017, held 40% of Centostazioni S.p.A.. Such investment was in fact sold by Archimede 1 to Ferrovie dello Stato Italiane S.p.A.. Thereafter, SAVE approved the merger by incorporation of the Archimede 1 and the tax and accounting effects of the merger has run from January 1, 2018.

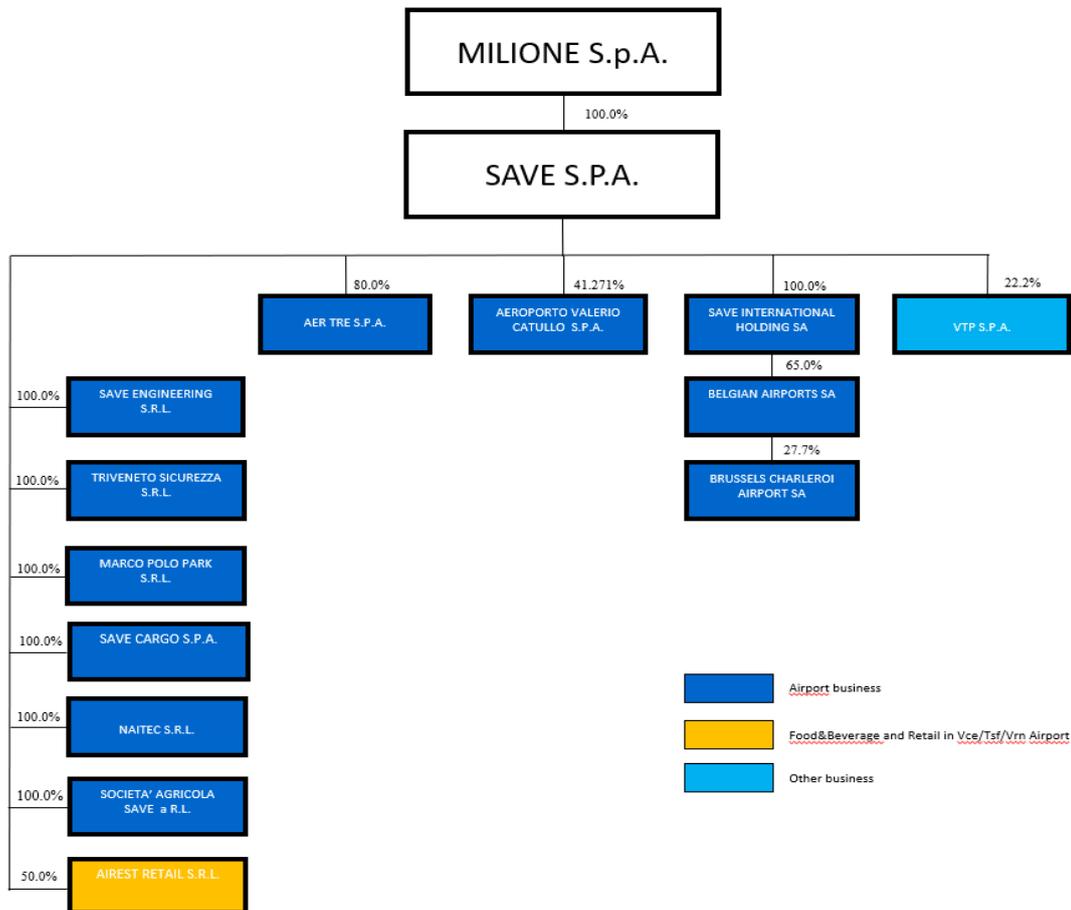
2018 On 19 April 2018 the SAVE's Shareholders' meeting approved the distribution of dividends totalling Euro 60,000,000, by utilising the entire profit of SAVE and, for the remainder, other reserves and retained earnings. The dividends amount to Euro 1.08421 for each share, excluding, in compliance with Article 2357-ter, paragraph 2, of the Italian Civil Code, the treasury shares held by SAVE whose relating dividends proportionally increased those of the other shares. The payment of the dividends was made on 18 May 2018.

### The Group

SAVE directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. It also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium).

SAVE controls certain companies of the Group which has integrated operations in the passenger service sector. It operates in three main business areas: (1) airport management; (2) mobility infrastructure management; and (3) Food & Beverage and Retail.

The following organisation chart summarise the relevant structure of the Group on the date of this Admission Document, by showing the main operating companies divided into areas of activity.



For clearness of the chart above, the 1.19% of the SAVE's share capital is represented by treasure shares.

SAVE during 2017 acquired the 40% minority holding in the subsidiary Archimede 1 S.p.A. and the merger by incorporation of Archimede 1 into SAVE was approved in 2018.

The following are the main subsidiaries of the Group:

- Marco Polo Park S.r.l. (shareholding: 100%): the company manages airport parking under sub-concession from SAVE and Aer Tre;
- Save International Holding SA (shareholding: 100%): the company was incorporated in 2009 as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009. The company holds the investment in Belgian Airport SA, through which the acquisition was made together with minority shareholders.
- Belgian Airports SA (shareholding: 65%): the company was incorporated in the fourth quarter of 2009, also as an investment vehicle through which SAVE Group owns 27.65% of BSCA, the Brussels Charleroi Airport management company;
- Save Engineering S.r.l. (shareholding: 100%): the company is involved in the design and coordination of works concerning the airport development programmes carried out by SAVE as part of the Airport masterplan;
- Naitec S.r.l. (shareholding: 100%): the company is involved in the implementation of IT projects for airports in the operational and administrative management areas and also develops and commercialises software products in this field;
- Aeroporto di Treviso S.p.A. (AERTRE) (shareholding: 80%): the company manages holds the concession for the management of Treviso Antonio Canova Airport;
- Triveneto Sicurezza S.r.l. (shareholding: 93%): the company provides airport security services in accordance with Ministerial Decree of 29 January 1999 no. 85;
- Save Cargo S.p.A. (shareholding: 100%): the company provides cargo and postal assistance services at Venice's Marco Polo airport. In 2016, SAVE conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A.; and
- Società Agricola Save a r.l. (shareholding: 100%): the company is wholly-owned by SAVE, following the spin-off of Agricola Cà Bolzan a r.l. in 2013 and is exclusively involved in the activities established by Article 2135 of the Civil Code.

Furthermore, Airst Retail S.r.l. is a joint venture company with Lagardère Group that manages food & retail sales points within the airports where the Save Group operates at Venice, Treviso and Verona and wholly-owns the company Airst Collezioni Venezia S.r.l. which manages through sub-license some retail sales points at the Venice airport.

## **Business overview of the Group**

### *Airport management*

Airport management operations concentrate mainly on developing the infrastructures and route network of the Venice-Treviso airport system, with more than 13 million passengers in 2017 is the third<sup>1</sup> largest Italian airport system.

Through coordinated management of the two Airports, it is possible to develop their potential and to provide an integrated service for the local area. Venice Marco Polo Airport is Italy's third largest intercontinental gateway with direct scheduled flights to New York, Philadelphia, Atlanta, Dubai, Doha, Abu Dhabi, Montreal and Toronto.

---

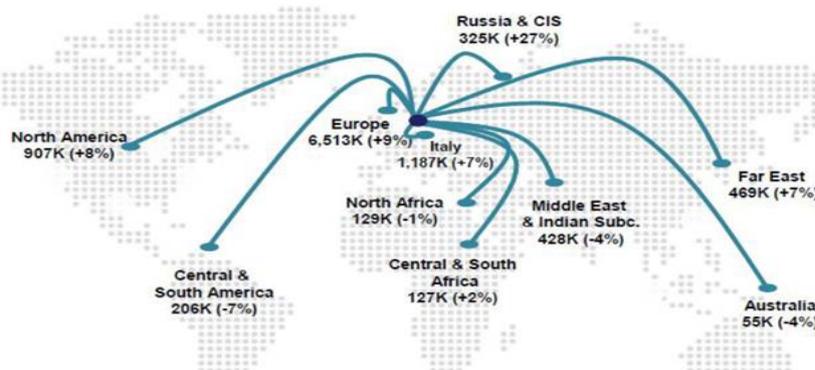
<sup>1</sup> From Assaeroporti (<http://www.assaeroporti.com>).

The Venice-Treviso airport system is among the leading airport infrastructure systems in Italy in terms of passenger traffic, serving over 13 million passengers in the year ended 31 December 2017, with over 100 destinations across 28 countries worldwide and approximately 50 airlines operating at the Airports. Venice Airport is the only commercial airport serving the Venice metropolitan area. Moreover, the Airports, along with Verona Airport, are the principal commercial airports present in the Veneto region and, as such, benefit from a large and affluent catchment area which includes approximately 6 million people, with 4 million more within a 2-hour drive. The Airports are also well connected to the main cities in northern and northeast Italy.

Moreover, as SAVE owns and/or operates Venice Airport, Treviso Airport, Verona Airport and Brescia Airport, the threat of substantial disruption from other major competing commercial airports in the region is reduced, resulting in SAVE retaining a strong regional position. In addition, as Venice Airport has a very high exposure to inbound international traffic from a range of locations, for many passengers travelling to the region there are no other comparable modes of alternative transport.

In particular, Venice Airport is the fourth largest airport in Italy and constitutes an essential link for the movement of goods and people throughout Italy and Europe. Venice Airport mainly serves carriers operating scheduled flights to domestic and international destinations. In recent years, traffic growth at Venice Airport has primarily been due to international flights to a diversified range of locations. As the offering of destinations available has expanded, Venice Airport has seen higher levels of inbound traffic from neighbouring locations to the point of flight origin (e.g., with the opening of flights to both Montreal and Toronto, the airport has experienced higher levels of passenger traffic from the wider Canadian demographic). Such a diversified destination base continues to mitigate risk against economic and country shock from any one destination. Such risk insulation also applies to the domestic Italian market, as for 2017 only 13% of total capacity at Venice Airport was scheduled within Italy.

The growth and detailed breakdown of inbound and outbound traffic to and from international destinations updated as at 31 December 2017 is demonstrated in the diagrams below<sup>2</sup>:

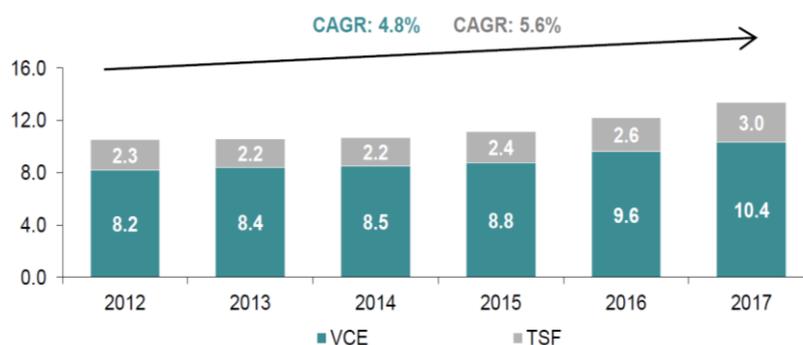


For 2017, 62.1% of the passenger traffic into the Veneto region was driven by tourism, which is mainly constituted by international passengers. For 2017, the Veneto saw the ratio of domestic/international tourists balance at approximately 35/65. Taking such a split into consideration along with the plurality of international traffic, this acts as a natural hedge against volatility from any one originating destination.

The diversification has contributed in part to consistent and continuous yearly growth of PAX for both airports in Venice and Treviso, as evidenced in the diagram below<sup>3</sup>:

<sup>2</sup> Company source.

<sup>3</sup> Company source.



SAVE's management have also strived to develop a diversified carrier base for Venice Airport, ensuring that no single carrier accounts for more than 25% of air traffic, thus reducing exposure to economic shock due financial difficulty encountered by any one major airline.

The Venice Airport exhibits a diversified carrier mix. The first two airlines, EasyJet and Volotea, which both have aircrafts based at the airport and long-term agreements in place with SAVE, account for approximately 32% of traffic, while the first eight airlines account for less than 60%. Importantly, the exposure to Alitalia is very small (approximately 5% of traffic at Venice). The main airline at Treviso airport is Ryanair, with 86% of traffic in 2017. Overall, when considering the combined position of the Venice and Treviso airports, Ryanair and EasyJet are the two main airlines, with a share of traffic in the area of approximately 20%, respectively.

For the period 2012-2017, the Venice airport outperformed the growth for the wider Italian Airport industry, with a growth figure of 4.8%, 1.2% above the national average. On the other hand, Treviso Airport mainly serves low-cost carriers and private jets for several Italian brands of great international privilege with a growth figure in the same period of 5.65%.

#### Airport management – Venice Airport

2017 was a successful year for Venice Airport, seeing the airport surpass the milestone of 10 million passengers for the first time. Such an achievement featured increases in the levels of both domestic (3.7% year on year) and international (8.4% year on year) passenger traffic numbers, evidencing a growth in both markets. Greater destinations available to airport users resulted in 25% of departing traffic from Venice travelling through intermediate airports. The breakdown for 2017 PAX traffic figures is set out in the table below<sup>4</sup>:

Origin/destination - Venice  
Year to December

	2017	CGE. % '17/'16
Domestic traffic	1,361,399	3.7%
EU Traffic	6,880,628	8.9%
Non-EU Traffic	2,113,178	6.7%
<b>Total commercial aviation</b>	<b>10,355,205</b>	<b>7.7%</b>
General Aviation	16,175	19.1%
<b>Total</b>	<b>10,371,380</b>	<b>7.8%</b>

<sup>4</sup> Source: Company's Consolidated Financial Statements 2017.

2017 also saw strong growth for Venice Marco Polo Airport's top 5 destination and/or origin countries, which accounted for 64% of total airport traffic. France, confirmed again as the largest market, saw traffic grow 10% as against 2016. Such growth and figures are shown in the table below<sup>5</sup>:

Main destination/origin countries - Venice  
Year to December

Country	2017	CGE. % '17/'16
France	1,610,790	10%
Great Britain	1,547,530	10%
Italy	1,361,399	4%
Germany	1,332,840	1%
Spain	768,162	13%
Holland	483,235	-8%
Switzerland	380,070	10%
UAE	299,218	-6%
United States	274,186	-1%
Turkey	273,180	-6%
Other	2,024,595	21%
General Aviation	16,175	19%
<b>Total</b>	<b>10,371,380</b>	<b>8%</b>

Venice Airport also witnessed a rebalancing of its passenger traffic in the context of the major carriers operating at the airport. As shown by the table below<sup>6</sup>, easyJet continued as the largest carrier for the airport, and together with Volotea accounted for 32% of total traffic. Notwithstanding the increase in total PAX, dependence on Alitalia fell by 27% as against 2016, demonstrating a more balanced and resilient group of carriers utilising the airport.

Principal Venice airlines  
Year to December

Airline	2017	CGE. % '17/'16
Easyjet	2,610,124	19%
Volotea	702,909	8%
British Airways	535,745	14%
Alitalia	530,019	-27%
Lufthansa	484,389	9%
Air France	454,663	-4%
Vueling	388,735	9%
Klm	329,020	-4%
Iberia	311,726	6%
Turkish Airlines	271,739	-6%
Other	3,736,136	11%
General Aviation	16,175	19%
<b>Total</b>	<b>10,371,380</b>	<b>8%</b>

<sup>5</sup> Source: Company's Consolidated Financial Statements 2017.

<sup>6</sup> Source: Company's Consolidated Financial Statements 2017.

### Airport management – Treviso Airport

2017 was also a successful year for Treviso Airport, with the airport surpassing 3 million passengers for the first time, an increase of 14.4% year on year which contributed to 23% of the Venice and Treviso airport system's total traffic. This was driven by new domestic and international operations from Ryanair and Wizzair, including flights to Hamburg, Edinburgh and Marrakesh. Such growth is notwithstanding the transfer of traffic operations to Venice for 15 days during October 2017 due to runway resurfacing works, and the consequential disruption which such transfers entailed.

### Airport management – Garda Airport System - Verona and Brescia Airports

The Garda Airport system, made up of Verona and Brescia Airports, also enjoyed a positive 2017. Verona Airport moved over 3 million passengers, amounting to a 10.4% year on year increase. Volotea airline was a major driver behind such growth, deciding to increase its number of aircraft at the airport to 3, and carrying over 526,000 passengers during the course of the year. The domestic market accounts for the largest share of the traffic at Verona airport, with just over a million passengers flying to and from routes such as Catania, Palermo and Rome. Verona Airport's growth was also boosted by its leisure segment, with a reported 65,000 passengers (up 21% from 2016) flying to 10 destinations including Zanzibar, Cuba and Egypt.

Brescia Airport saw substantial growth in its cargo segment, reporting a year on year increase of 42.5% to just under 35 million tonnes of cargo/mail for 2017. Such expansion resulted from new commercial activity adding two weekly import and export flights between Brescia and Hong Kong (via baku). The infrastructure surrounding Brescia Airport also contributed to growth, with road volumes increasing on 2016 by 11%.

### Airport management – Charleroi Airport

Approximately 7.7 million passengers passed through Charleroi Airport during 2017, amounting to an increase of 5.4% over the previous year. Ryanair acted as an engine for this expansion, accounting for a market share of 78% by carrying more than 6 million passengers. Charleroi Airport also saw a higher volume of operations from Wizzair in 2017, with the airline carrying close to 730,000 passengers to 8 routes, marking an annual increase of 7%.

### Revenue Generation

SAVE generates revenues from the following business segments:

- the aviation business, which includes regulated activities directly connected with the management and operation of the Airports, but excludes ground handling activities; and
- the non-aviation business, which includes real estate activities and commercial activities (such as, *inter alia*, travel retail, car parks, advertising and food and beverage businesses).

The total operating revenue and other income of the SAVE Group for the years ended 31 December 2017 and 2016 amounted to Euro 199.1 million and Euro 188.2 million, respectively, and the net profits for the same periods of the SAVE Group amounted to Euro 50.1 million and Euro 42 million, respectively.

The SAVE's consolidated EBITDA as at 31 December 2017 amounted to Euro 94.5 million compared to Euro 87.7 million for the previous year, recording a 7.8% increase. Such growth in EBITDA<sup>7</sup> is part of a trend, on a like for like basis, over the 2012-2017 period, with an increase in EBITDA of 12.3% being the result of a stable increase in revenue complimented by an efficient cost structure. This has also resulted in the EBITDA margin

---

<sup>7</sup> "EBITDA" measures the result before amortisation, depreciation, provisions for risks and the replacement provision, write-downs, financial income and charges, taxes and non-recurring operations. The definition and the calculation methodology applied by SAVE in calculating EBITDA and EBITDA margin might differ from the generally accepted definition of EBITDA and EBITDA margin in other countries and from the calculation methodology applied by other companies in the SAVE's industry. This might limit their usefulness as comparative measures.

continuing to be resilient, steadily increasing by 7.8 percentage points over the same period. Such growth in EBITDA and revenues has been caused by several factors, including:

- the conclusion of a new regulatory tariff in 2012 enabling SAVE to increase the aviation tariff; and
- non-aviation revenue growing in line with traffic, with growth at 5.7% CAGR for FY 2012-2017.

The financial information included in this paragraph deriving from the consolidated annual financial statements of SAVE of the financial year ended on 31 December 2017. The consolidated financial statements of SAVE as at and for the year ended 31 December 2017 has been audited by Deloitte & Touche S.p.A, independent auditors, as stated in their report and is available on SAVE's website ([www.grupposave.it](http://www.grupposave.it)).

## **Business Strategy**

SAVE's overall strategy is to focus on continuous growth of the long-haul carrier network, therefore increasing the number of international destinations served and consequently the size and diversity of the international carrier and passenger base.

SAVE maintains a focus on developing hub connections for its Airports in addition to introducing additional flight numbers. The strategy for Venice Airport is divided into 4 main "points":

### *1. Base Carriers*

Point one of the strategy is to continue searching for and consolidating one or more airlines based out of the airport, with the aim of offering point-to-point service while also creating a self-sufficient network of passengers in transit through Venice Airport bound for destinations on north-south and east-west routes.

Such attention on base carriers has brought positive results with it, with easyJet now basing 7 aircraft at Venice Airport following the completion of its first year of operations from the airport.

### *2. Long Haul Traffic*

The management of Venice Airport has maintained a prime focus on strengthening connections to the major international hubs to ensure convenient connecting, flights to and from destinations on all five continents that do not have sufficient volume to support direct flights. For example, the launch of flights in May 2018 to Chicago by American Airlines means the airport now benefits from 7 North American gateways.

### *3. Hub Connectivity*

Developing direct connections to all destinations with the necessary potential thus increasing the accessibility of the airport and the community it serves is a key part of the strategy for Venice Airport. In addition to developing point-to-point volumes, this type of operation stimulates penetration, facilitating connecting flights to secondary markets served by the carrier's network. In order for these important connections to succeed, it is indispensable that the route be served by a carrier based out of the destination airport with as dense a network of onward flights as possible. Management have taken concrete action to pursue such an objective, with the entry of Air Europa to Venice adding two important daily connections to Madrid, which further consolidates connections to South America, facilitating additional air traffic flows from this market.

### *4. Broadening the Catchment Area*

With a greater availability of intercontinental operations from Venice Airport and the greater range of destinations and higher passenger capacities such operations bring with them, management are concentrating on the expansion of the catchment area which the airport serves in order to generate a wider domestic passenger base.

The management of Treviso Airport adopts a different approach, with the main objective of managing new routes and existing flights as best as possible, limiting daily peaks and troughs. The strategy is also based on the launch of new point-to-point routes for tourism and business passengers and improved flight loads on existing flights.

The Garda Airport System features two specific strategies for Verona and Brescia Airports. The strategy for Verona Airport focuses on increasing inbound traffic from destinations with significant interest in the city and surrounding region (such as Russia and Great Britain), whilst also improving airport connectivity and extending the outgoing network in synergy with the airline Volotea as a carrier based at the airport. Verona Airport will also look to develop new markets farther afield, with the entry of the Neos Boeing 787 Dreamliner. Meanwhile Brescia Airport will instead focus on increasing the number of flights and destinations it serves, thus developing airport cargo volumes for both its general cargo and courier segments.

To ensure increasing passenger traffic volumes, SAVE will continue to support the success of the major airlines operating at the Airports, whilst at the same time seeking to attract new airlines.

#### **Legal Proceeding of the subsidiary SAVE**

SAVE is exposed to legal risks in the ordinary course of their business, also stemming from the variety and complexity of the laws and regulations dealing with the management of the airport systems. While it is not feasible to predict the outcome of any case, management believes that the final results of these proceedings will not have a material adverse effect on the Group's financial condition or results of operations.

For information related to the main legal proceedings, see "*Regulatory framework developments of the subsidiary SAVE S.p.A.*", on pages 16-20, of the consolidated financial statements of Milione as at and for the year ended 31 December 2017 and, for a description of risks arising from legal proceedings, see "*Risk Factors*" above.

## REGULATORY FRAMEWORK OF THE SUBSIDIARY SAVE

*The Group's core businesses are heavily regulated under EU and Italian law, and these regulations may affect the Group's operating profit or the way it conducts business. Although this summary contains all the information that Milione considers material in the context of the issue of the Bonds, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the Group and of the impact they may have on the Group and any investment in the Bonds and should not rely on this summary only.*

### Overview

With respect to the management of the airport systems, SAVE operates in a highly regulated environment and is subject to certain rules and regulations, including, *inter alia*, statutory provisions governing public utilities services and monopolies. In particular, SAVE is required to operate in accordance with the Regulatory Framework (as defined below), regulations issued by *Ente Nazionale per l'Aviazione Civile* ("**ENAC**"), the Italian Civil Aviation Authority, the Italian government and other competent authorities, as well as any applicable international, European and national laws.

The Italian aviation and airport management sector is governed by a series of international treaties and protocols, standards issued by the relevant international organisations, European Union directives and regulations, Italian laws, ministerial decrees and resolutions and ENAC regulations which have been issued and amended over time, in addition to generally applicable laws and specific legislation, such as the Italian Navigation Code (*Codice della Navigazione*), as amended from time to time, setting forth the duties and responsibilities with respect to airport management.

The main international rules governing international civil aviation are set out in the Warsaw Convention of 1929 (Convention for the Unification of Certain Rules Relating to the International Carriage by Air) as amended by the Hague Protocol of 1955 and the Montreal Protocol No. 4 of 1975, the Montreal Convention of 1971 (Convention for the Suppression of Unlawful Acts against Safety of Civil Aviation) and the Chicago Convention of 1944 (Convention on International Civil Aviation), as amended, as well as the Kyoto Protocol to the United Nations Framework Convention on Climate Change and standards issued by the relevant international civil aviation organisations (of which ENAC is a member as representative of the Republic of Italy), such as, *inter alios*, the International Civil Aviation Organisation ("**ICAO**").

There is also extensive regulation at the EU level, including the treaty establishing the European Union, and the accompanying directives, regulations and decisions covering the various aspects of civil aviation, as well as "soft law" communications issued by the European Commission which aims to establish a single market for air transport in Europe and ensure its correct functioning and issues guidelines concerning airport transport for implementation by national governments.

With respect to Italian legislation, the Italian Navigation Code sets forth the Regulatory Framework of the civil aviation sector and the general principles governing the award of concessions for the management of Italian airports or airport systems. In particular, Article 704 of the Italian Navigation Code provides that concessions can be awarded, upon ENAC's proposal, for a period of up to forty years to a provider selected through a public tender. Concessions are awarded through a Decree issued by the *Ministero delle infrastrutture e dei trasporti* (the "Ministry of Infrastructure and Transportation", or the "**MIT**") in agreement with the *Ministero dell'Economia e delle Finanze* (the "Ministry of the Economy and Finance" or the "**MEF**") and, in the case of airports serving both civilian and military uses, in agreement also with the *Ministero della Difesa* (the "**Ministry of Defence**"). The MIT is responsible for activities relating to civil aviation and air transport and issues decree through which concessions are awarded.

The award of concessions is subject to the execution of an agreement (*convenzione*) between ENAC and the company selected for the management of the relevant airport. Furthermore, ENAC and such company must enter into, within six months from the conclusion of the first financial year following the award of the concession, an economic regulation agreement (*contratto di programma*) implementing, with respect to investments, the regulations and requirements provided under resolution No. 38/2007, as amended, issued by the CIPE (*Comitato Interministeriale per la Programmazione Economica*). Additional and/or specific legislation or regulations issued by the competent authorities may supplement the above general regulatory framework.

It should be noted that Article 15-*quinquies*, Paragraph 1, of Legislative Decree No. 148 of 16 October 2017, converted, with amendments, from Law No. 172 of 4 December 2017 and Article 1, Paragraph 575, Letter a) of Law No. 205 of 27 December 2017, changed the content of Article 705 of the Italian Navigation Code, intervening on the regulation of succession and, in particular, on the procedures for repaying the residual book value of the non-removable works carried out by the outgoing concession holder by the incoming concession holder (the so-called "terminal value"), providing, *inter alia*, that, at the natural expiry of the concession, the incoming concession holder has the obligation to pay the succession value to the outgoing concession holder.

## ENAC

ENAC was established in July 1997 by Legislative Decree No. 250/1997 and is responsible for managing, controlling and supervising the Italian civil aviation sector with respect to the activities of providers of airport management services, such as SAVE. ENAC's headquarters are in Rome and its representative offices are located in all major Italian airports.

ENAC's statutory purpose is to ensure the safety, security and quality of services rendered to the end-users of Italian airports, and the protection of passengers' rights according to internationally agreed standards. Safety requirements include, among others, safe planning, construction, maintenance and operation of aircraft, as well as the skill assessment of air carriers and in-flight personnel. Security requirements are aimed at safeguarding passengers (both on and off-board and within the grounds of the airports) and preventing illegal acts.

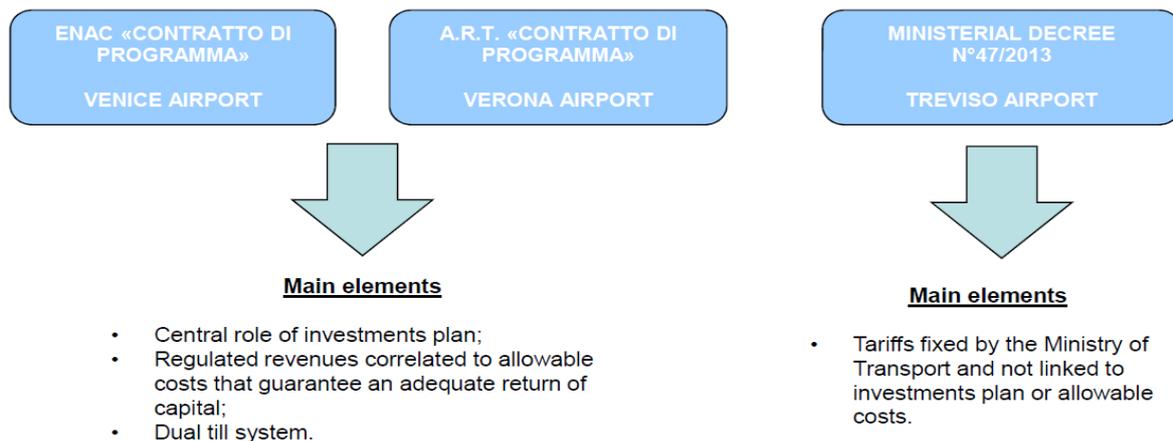
In order to achieve such statutory purpose, ENAC issued: (i) the Passenger's Chart (*Carta dei diritti del passeggero*), which is a practical *vade mecum* providing for international, EU and national law provisions governing the claim and compensation procedures available to passengers in case of non-compliance with applicable regulations relating to the rights of air passengers by airport operators or airline companies; and (ii) the Chart of Airport Standard Services (*Carta dei servizi*) that sets out the minimum quality standards that airport operators are required to comply with in relation to their relevant services.

## The Independent Regulatory Authority

Law Decree No. 201 of 6 December 2011 (converted into Law No. 214 of 22 December 2011) and Law Decree No. 1 of 24 January 2012 (converted into Law No. 27 of 24 March 2012), both as amended, provided for the establishment of an independent supervisory authority in the transportation sector in Italy (the "**Independent Regulatory Authority**" or "**ART**", acronym of "*Autorità di Regolazione dei Trasporti*"). The Independent Regulatory Authority is responsible for regulation in transport and access to infrastructure and related ancillary services. As far as economic regulatory powers are concerned, in October 2014 ART issued guidelines for tariff setting; however, such guidelines do not apply to Italy's three major airport managers of Rome, Milan and Venice which have entered into ad hoc agreements with ENAC such as the Regulatory Framework (as defined below) entered into by ENAC and SAVE.

## The Regulatory Framework – General

The current regulatory framework in Italy is approved by ENAC and the Italian government. The Nord-Est Airport system includes three airports (Venice, Verona and Treviso) with three different regulatory frameworks:



With respect to the Airport Venice the new regulatory framework approved by ENAC and the Government defined a stable set of rules for the management of the airport until the end of concession, on March 2041. The new economic regulatory framework includes two main documents:

- the Programme Agreement ("**Contratto di Programma**") which outlines a ten-year regulatory period consisting of two 5 year tariff sub-periods from 2012-2016 and 2017-2021; and
- the Technical Regulatory Document ("**Documento tecnico di regolazione tariffaria**"), which provides general principles (including the dual-till model) and the criteria applicable to SAVE for the determination of the tariffs and relevant processes for their update. It will expire at the end of concession.

The new economic regulatory framework was the pre-requisite for the launch of a significant effort to activate the projected infrastructure investments as well as to improve the quality of services.

The Concession Agreement, the Programme Agreement and the Technical Regulatory Document (as amended from time to time) dealing with Venice Airport and executed with ENAC are collectively defined as ("**Regulatory Framework**").

### **Concession Agreement**

Law No. 938/1986 provided for the privatisation of Venice airport on the basis of a concession lasting for 30 years. Subsequently, on 20 March 1987, the MIT and the MEF issued Ministerial Decree No. 128/14, according to which SAVE was granted the Venice airport concession until 2017.

On 19 July 2001, SAVE entered into an agreement with ENAC (the "**Concession Agreement**") which concerns the management of the airport activities of the Venice airport including the planning, development, implementation, adjustment, maintenance and use of the airport plants and infrastructure. Pursuant the Concession Agreement, the duration of the concession was extended for a further period of 10 years until 22 March 2027. A further extension was requested and granted in 2005 to the effect that the Concession Agreement will expire on 21 March 2041.

Under the Concession Agreement, SAVE undertakes the following, *inter alia*, at its own expenses:

- operate the Venice airports as a complex of assets, activities and services directly or indirectly for the purposes of airport activities, and adopt any measures to develop intermodal transport;
- carry out the interventions indicated in the intervention plan, included in the plan of airport development, and in the related investment plan and economic and financial plan;
- guarantee standards to the users in compliance with the *Carta dei Servizi* and obligations provided therein; and
- ensure the provision of the safety control services, referred to in Ministerial Decree No. 85/1999, in accordance with the provisions and methods defined therein, and the payment of the fees due for the provision of the safety services in the amount and methods established under the applicable regulation.

SAVE is liable for any damage suffered by third parties as a consequence of the activity carried out under the Concession Agreement. Therefore, SAVE maintains insurance policies as protection against risks associated with the management of the Venice airport.

SAVE has to pay an annual fee to be determined in accordance with the criteria set forth in Art. 2(188) of Italian Law no. 662/1996 and the related implementation measures, which provide that the applicable fees for concessions to be paid by airport operators are set by the MEF and the MIT, taking into account, for each annual period, the number of passengers and the volume of cargo handled by the relevant airport.

SAVE has the right to use areas, premises and facilities that are part of the airport's areas. Any assets built by SAVE on the airport's areas belong to SAVE until the Concession Agreement terminates.

As to the possibility for SAVE to constitute a security on fixed assets, SAVE may grant security over the airport assets ("*beni aeroportuali*") solely upon consultation with ENAC and to secure obligations related to the management of the airport. With reference to the other assets which are not part of the airport infrastructure, according to the provisions of the Concession Agreement and the Programme Agreement (as defined below), there seems to be no specific limitations on the right of SAVE to grant security interest over such assets (and credits), **provided that** SAVE must continue to ensure the proper and correct management of the airport over the entire duration of the Concession Agreement.

#### *Airport development*

With regard to airport development, SAVE must submit an annual report to ENAC on the implementation of the intervention plan and of the investment plan, needed to the airport operation and development. Projects concerning works to be executed, works not included in the plan, and works to implement amendments and updates are subject to ENAC's approval, that verifies their compliance with the intervention plan and with the plan of airport development.

#### *Withdrawal ("Revoca") and termination ("Decadenza")*

ENAC may withdraw from the Concession Agreement only in the following circumstances: if there are reasons of "public interest" that have occurred, or in the event of a change in the factual situation that could not be foreseen at the time the Concession Agreement was released or when the original public interest has been re-evaluated.

ENAC may terminate the Concession Agreement in the following circumstances: if SAVE seriously and repeatedly breaches safety regulations, if SAVE fails to submit the plan of airport development to ENAC for the Venice airports, if SAVE fails to comply with the intervention plan and with the investment plan without justification, if SAVE seriously and unjustifiably delays in implementing intervention plan and the investment plan, and/or if SAVE is no longer able to manage the Venice airport.

ENAC may also terminate the Concession Agreement if, *inter alia*, SAVE fails to comply with law and any other undertaking agreed with ENAC, SAVE delays in paying the fees by more than 12 months and/or SAVE declares bankruptcy.

If ENAC instead decides not to terminate the Concession Agreement, it could impose a fine of up to 50% of the concession fee agreed under the Concession Agreement. The decision to early terminate the Concession Agreement, in cases of serious breaches of the Italian Navigation Code (*Codice della Navigazione*), breaches of safety provisions, significant and unjustified delays in the implementation of the investment plan and/or failure to pay the concession's fees and the occurrence of events indicating that the concessionaire is no longer in the ability to manage the airport or to impose a fine is under ENAC discretion, but such decision shall be duly motivated and shall be based on an application of proportionality principle in light of the contested infringement.

#### *Regime of airport assets in the event of natural expiry, termination and revocation*

The Concession Agreement sets out the regime applicable to airport assets following expiry or withdrawal/termination by ENAC:

- ENAC will repossess the property (free from any encumbrances or limitations on titles) of the areas within the Venice airport as well as the assets, works and facilities completed by SAVE or third parties with public financial resources;
- SAVE has the right to retain equipment and movable assets built and/or procured with its own financial resources, if SAVE owns that equipment and movable assets, without prejudice to ENAC's right to purchase all or part of them at the market value (to be calculated according to the applicable regulations); and
- the State may purchase the areas owned by SAVE, that are functional to the airport's management; in this case, SAVE is entitled to payment of an indemnification.

The new text of Art. 703 of Italian Navigation Code gives the right to each Airport to receive a terminal value, at the end of the concession period, equal to the net book value of "all" (aviation and non-aviation) capital expenditure made by the company during the concession period.

#### *Effectiveness of the Concession Agreement*

The Concession Agreement is effective, in full force and will expire on 21 March 2041. It is also worth mentioning that, due to the general prohibition on public contracts being renewed, a public tender will be launched following the end of the Concession Agreement (*i.e.* 2041). SAVE will, therefore, have to participate in the tender if it wishes to be awarded the new concession agreement. The tender to renew the Concession Agreement must be carried out in accordance with Articles 704 and 705 of the Italian Navigation Code and Legislative Decree No. 50 of 2016 (the new Code of Public Contracts). Specifically, a public tender must be launched, in accordance with EU public procurement rules, in which all interested parties may submit offers (technical and financial). The offers of all bidders with the required technical ability, financial capacity and operational experience will be evaluated based on the technical and financial selection criteria.

#### **Programme Agreement and the Technical Regulatory Document**

On 26 October 2012, SAVE and ENAC entered into the Programme Agreement (*Contratto di Programma*), as further amended on 28 December 2012, which regulates the tariffs for airport use (the "**Programme Agreement**"). The Programme Agreement expires on 31 December 2021, *i.e.* at the end of the 10-year tariff regulation period ("**Regulatory Period**"), which is divided into two five-year tariff sub-periods (each a "**Tariff Sub-period**").

#### *Dual till system*

There are two approaches to the economic regulation of the provision of airport management services: namely the "dual till" and the "single till" systems.

Under a "single till" approach both aeronautical and commercial airport activities are taken into consideration to determine the level of airport charges whereas the "dual till" approach separates the regulated and non-regulated businesses and sets a "price cap" for the regulated business without consideration for the non-regulated business.

The Programme Agreement adopted the "dual till" system and as such activities can be divided into: (i) regulated airport services, for which SAVE is subject to regulatory supervision for the revenues it receives; and (ii) non-regulated airport activities, for which SAVE can determine the related charges without any regulatory supervision and is allowed to no claw-back or cap risk on its commercial activities, bearing the full enterprise risk.

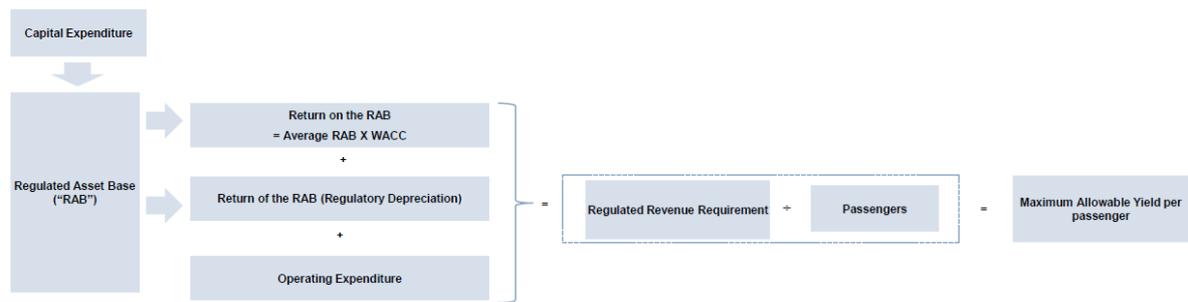
Regulated services concern, among other things: (i) landings and take-offs; (ii) aircraft parking and stopping; (iii) passenger's boarding; (iv) loading and unloading of goods; and (iv) security. SAVE provides users regulated services in compliance with the principles of transparency, impartiality and non-discrimination, by applying tariffs that do not exceed the ones set out by the Programme Agreement.

Bonuses and penalties had been defined when quality and environmental indicators are above/below the targets. The regulatory period covers 10 years and is divided into two 5 years tariff periods for the alignment of: allowed costs, executed investment plan, traffic volumes and allowed return calculation (WACC).

The Regulatory Framework foresees annual reviews with ENAC in order to allow expenditures in relation to the analysis of progression on the investment plan.

At the end of each Tariff Sub-period SAVE and ENAC will define the necessary updates according to the principles and rules stipulated in the tariff agreement. This alignment does not include any changes on concession rights and general regulation framework which covers the period until March 2041. The process to define the second Tariff Sub-period (*i.e.* 2017-2021) was completed on 11 November 2016 in accordance with the applicable regulations and following the public consultation procedure commenced in 2016.

The table below is an explanatory summary of SAVE mechanism to gain revenues:



### *Renewal of the Programme Agreement*

SAVE has the obligation to send ENAC a new update within 60 days from the approval of the financial statements for the financial year corresponding to the penultimate year of the second Tariff Sub-period (*i.e.* 2020) in order to enter into the new 10-year agreement to regulate tariffs and set out the tariff regulation parameters for the first Tariff Sub-period under the new Programme Agreement. As far as the tariffs update, the "*Technical Regulatory Document*", the general principles (including the dual-till model) and the criteria applicable to SAVE for the determination of the tariffs and the relevant process for their update, as set forth under the Programme Agreement, remain valid until the end of the Concession (*i.e.* 2041).

The Programme Agreement sets out a formula to determine the average tariff applicable for each airport service subject to regulation (such as the "Dual till system"), for each year of the first Tariff Sub-period. The tariffs are updated annually based on that formula, which reflects, among other things: (i) the fulfilment of the obligations in the reference year, specified in the investment plan; (ii) the cost of additional regulatory measures that have entered into force; and (iii) the achievement of quality and environmental protection objectives.

During the Regulatory Period the Programme Agreement may be subject to early review if air traffic levels vary compared to the forecasts under certain circumstance.

### *SAVE obligations*

Under the Programme Agreement, SAVE undertook, among the other things, to fulfil the commitments under:

- (i) the Concession Agreement;
- (ii) the principles on the provision of public services set out in the Prime Ministerial Decree of 27 January 1994; and
- (iii) the "Carta dei Servizi".

SAVE is directly responsible for conducting and maintaining the airport facilities and managing the services necessary to ensure that air transport complies with the relevant regulations, that the airport is fully functional and efficient, and that the airport is operationally safe overall, including checks of the entire airport ground. These activities constitute the primary purpose of the granting of the airport management. The use of the assets that SAVE manages under the Concession Agreement and Programme Agreement must be primary aimed at the realisation of this purpose. SAVE must also ensure it adequately fulfils certain financial stability requirements provided under the Programme Agreement.

In case of SAVE's delay or breach of the obligations set out in the Programme Agreement it also provides for certain penalties of varying amounts depending on the severity of the failure.

### **Notifications to the Presidency of the Council of Ministers**

Art. 2 of Law Decree no. 21/2012 provides that the Presidency of the Council of Ministers has a special power to prohibit certain transactions carried out by companies operating in the transport sector<sup>8</sup> (the so called "golden

<sup>8</sup> Art. 2 of Presidential Decree no. 85/2014 includes the airports of national interest among the strategic assets subject to the so-called golden power legislation.

power regulation"). In particular, in order to allow the Presidency of the Council of Ministers to exercise the veto right: (a) the Presidency of the Council of Ministers must be notified in advance of the transactions carried out by a company that holds a strategic asset that entail a change in the ownership, control or availability of the asset itself; and (b) the Presidency of the Council of Ministers must be notified in advance also if there is a purchase of shares of a company that holds a strategic asset by an entity incorporated outside the European Union, that entails a change of control, also indirect in accordance of art. 2359 of the Italian Civil Code and relevant provisions of the Financial Services Act.

#### **Regulation EC No. 139/2014 and the new rules for the certification of European airports.**

Regulation EC No. 139/2014, in establishing the technical requirements and administrative procedures for the certification of airports in accordance with Regulation (EC) No. 216/2008, conferred to airport operators the role of "responsibility for airport functioning", with the duty to directly or indirectly supply airport operating services.

The Regulation, which requires the conversion of the current airport certificates by 31 December 2017, is an innovative development and contributes to establishing a new definition of roles and responsibilities within airports. In particular, the new rules concerning first aid and fire protection and the air navigation services are particularly significant which, in domestic law, are carried out by third parties (ENAV and the Fire Services). In May 2016, Venice airport was selected, together with the main Italian airports (Fiumicino, Malpensa, Linate, Bergamo and Naples), to convert its certificate by 31 December 2016 and therefore one year in advance of the deadline established by the Regulation.

#### **Guidelines of the Ministry for Infrastructure and Transport for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15 of Legislative Decree No. 145 of 23 December 2013, as amended by enacting law No. 9 of February 21, 2014**

With Decree No. 275 of 11 August 2016, the Ministry for Infrastructure and Transport amended the Guidelines for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15, of Legislative Decree No. 145/2013, converted with amendments by Law No. 9/2014, to overcome a number of interpretative issues arising on application and to support economic development through incentivising air traffic at the regional airports. In particular, the Guidelines clarify that Article 13, paragraphs 14 and 15 of Legislative Decree No. 145/2013 are implemented "*in line with the European Commission guidelines and the previous rulings of the European Courts, including the Charleroi case*".

The Guidelines set transparency and competition principles only for the identification of the beneficiaries of subsidies which, not satisfying the MEO (Market Economy Operator) test, constitute State aid whereas, under the previous Guidelines, whose scope of application did not fully coincide with that regarding state aid governed by European Commission Communication 2014/C 99/03, applied to any type of incentive offered by airport managers to airlines.

In addition, in order to assess measures in favour of an airline under the MEO test, the new Guidelines expressly establish that, in addition to the airport fees and non-aviation revenues from the operations of the airline benefitting from the subsidy, account should be also taken of, where possible, benefits accruing outside of the network such as the increase in the value of the airport or the capacity to attract new airlines.

## CORPORATE GOVERNANCE

Milione has adopted a traditional system of corporate governance, which includes a shareholders' meeting, a board of directors and a board of statutory auditors.

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

Except in the event of a shareholders' resolution approved with the enhanced majority referred to in Article 27.1 of the Milione's By-laws, the Board of Directors is appointed by the shareholders' meeting on the basis of lists, in which candidates must be indicated in a number not less than 3 (three), each combined with a progressive number. All members of the Board of Directors have also to meet the requirements of honourableness required under Article 147-*quinquies* of the Financial Services Act.

The Board of Directors has broad powers to carry out the management of Milione. It is authorised to take all the steps that it deems appropriate in order to achieve Milione's aims and corporate objectives in accordance with its corporate objects and with the exception of the powers expressly reserved by law or Milione's By-laws.

The Board of Statutory Auditors consists of 3 (three) standing auditors and 3 (three) alternate auditors. Except in the event of a shareholders' resolution approved with the enhanced majority referred to in Article 27.1 of the Milione's By-laws, the Board of Statutory Auditors shall be appointed by the shareholders' meeting on the basis of lists, in which at least 1 (one) candidate for the office of standing auditor and 1 (one) candidate for the office of alternate auditor, each associated with a progressive number.

The members of the Board of Statutory Auditors are appointed for three financial years and may be re-elected. They may be removed only upon the occurrence of a just cause (*giusta causa* pursuant to Italian law) and with the approval of an Italian Court. The Board of Statutory Auditors is the corporate body that, *inter alia*, must oversee Milione's compliance with applicable laws and By-laws as well as proper administration and verify the adequacy of internal controls and accounting reporting systems.

## MANAGEMENT

### Board of Directors

The current Board of Directors of Milione was appointed by a resolution of Milione's shareholders' meeting held on 10 August 2017 and will hold office until the shareholders' meeting called for the purpose of approving Milione's financial statements for the year ending 31 December 2019. The Directors Mrs. Monica Scarpa and Mr. Vincent Levita have been appointed by a resolution of Milione's board of directors held on 31 July 2018, in substitution of the Directors Mr. Romain Dechelette and Mr. Cristiano Menegus who have resigned. They will hold office until next shareholders' meeting.

The following table sets out the current members of the Milione's Board of Directors.

<b>Name</b>	<b>Position</b>
Enrico Marchi	Chairman
Hamish Macphail Massie Mackenzie	Director
Athanasios Zoulovits	Director
Francesco Lorenzoni	Director
Walter Manara	Director
Scarpa Monica	Director
Fabio Battaglia	Director
De Chamnard Gregoire Parrical	Director
Vincent George Levita	Director

For the purposes of their function as members of the Board of Directors, the business address of each of the members of the Board of Directors is Milione's registered office at Viale Galileo Galilei, 30/1, 30173, Venezia (VE), Italy.

### Board of Statutory Auditors

On 10 August 2017 the Milione's shareholders' meeting appointed 6 members for the Board of Statutory Auditors for a period of three financial years, until the shareholders' meeting convened to approve Milione's financial statements for the financial year ending 31 December 2019.

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

Name	Position
Roberto Lonzar	Chairman
Nicola Pietro Lorenzo Broggi	Standing Auditor
Paolo Caprotti	Standing Auditor
Fabrizio Acerbis	Alternate Auditor
Michele Crisci	Alternate Auditor
Anna Masè	Alternate Auditor

For the purposes of their function as members of the Board of Statutory Auditors, the business address of each of the members of the Board of Statutory Auditors is Milione's registered office at Viale Galileo Galilei, 30/1, 30173, Venezia (VE), Italy.

### Conflict of Interest

Except as disclosed in "*Certain relationships and related parties transactions*" below, there are no potential or existing conflicts of interest between the duties of the members of the Board of Directors and the Board of Statutory Auditors and their private interests or other duties.

### Shareholders

On the date of this Admission Document, the Milione's shareholders and the relevant holdings are set out below:

Shareholders	Share capital (%)
Infra Hub S.r.l. (" <b>Infra Hub</b> ")	43.9942
Leone Infrastructure S.r.l. (" <b>Leone</b> ")	43.9942
Sviluppo 87 S.r.l. (" <b>SV87</b> ")	12.0079
Centro Vacanze Prà delle Torri S.r.l.	0.0037

Milione is jointly controlled by SV87, Leone and Infra Hub, on the basis of the shareholders' agreement concerning the equity holding in Milione and, indirectly, in SAVE ("**Shareholders' Agreement**"). Such Shareholders' Agreement has been duly filed in the Company's register of Venice. With respect to the parties of the Shareholders' Agreement:

- Infra Hub s.r.l. is a company indirectly controlled by two parallel funds called: (i) Pan-European Infrastructure II, L.P. ("**PEIF II LP**"), investment fund based in the UK having as general partners: PEIF II General Partner (Jersey) Limited and PEIF II General Partner (UK) LLP; and (ii) Pan-European Infrastructure II, S.C.S. ("**PEIF II SCS**"), investment fund based in Luxembourg having as general partner PEIF II General Partner (Lux S.C.S.) S.à r.l. (PEIF II LP and PEIF II SCS are jointly indicated as "**PEIF II**").

- Leone Infrastructure S.r.l. is a company fully held by Infravia III Fund – a closed investment fund established under Italian law – managed by Infravia Capital Partners ("**InfraVia**"), an independent investment company established under French law, indirectly controlled by Vincent Levita.
- InfraVia is a long-term investor in the European infrastructure sector and manages assets through the following infrastructure funds: InfraVia FPCI (Fund I), InfraVia European Fund II FPCI, InfraVia European Fund III, InfraVia III Fund and InfraVia European Fund IV.
- Sviluppo 87 S.r.l. is a newly-established company incorporated under Italian law, the capital of which is 100% held by Finanziaria Internazionale Holding S.p.A. ("**FIH**"). FIH holds a qualified shareholding in Finanziaria Internazionale Banking Group which focuses on investment banking, asset management, and nonperforming loans. Moreover, FIH holds also shareholdings in companies specialized on outsourcing, notably, of administrative services for leasing and long-term rental companies, financial holding and other companies, and as servicer of performing and nonperforming loans, as well as on the management of equity holdings in listed and unlisted companies.
- FIH is indirectly controlled by the Magiobevi Trust whose beneficiaries are members of Mr. Enrico Marchi's family.

### **Transactions with related parties**

Information on transactions with related parties entered into by Milione, directly or through its subsidiaries, with related parties are described under (i) in the section "*Transaction with Group companies and related parties*" on pages 22 of the consolidated annual financial statements of Milione as at and for the year ended 31 December 2017.

## FINANCIAL INFORMATION RELATING TO THE FINANCIAL POSITION OF MILIONE AND INDEPENDENT AUDITORS

### Consolidated Financial Statements of Milione

The consolidated audited annual financial statements of Milione of the financial year ended on 31 December 2017 is available on Milione's website ([www.milionespa.it](http://www.milionespa.it)).

### Independent Auditors

The consolidated financial statements of Milione as at and for the year ended 31 December 2017 incorporated by reference in this Admission Document has been audited by Deloitte & Touche S.p.A, independent auditors, as stated in their reports. On 22 December 2011, the shareholders' meeting of Agorà Investimenti S.p.A. (now Milione upon the reverse merger, see for further information the section "*Description of Milione*") approved the appointment of Deloitte & Touche S.p.A., to act as external auditors for the period 2011-2019.

Deloitte & Touche S.p.A. has its registered office at Via Tortona 25, 20144 Milan, Italy. Deloitte & Touche S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance, is enrolled on the special register of auditing firms held by the Italian Ministry of Economy and Finance and is registered under No. 132587 on the register of accountancy auditors (*Registro dei revisori legali*).

### The highlights of Milione consolidated financial data as at 30 June 2018

The highlights of the main consolidated financial data of Milione as at 30 June 2018 are set out below:

<b>Euro / 000</b>	<b>30 June 2018</b>
Revenues	101,762
EBITDA <sup>9</sup>	46,267
EBIT	2,103
Profit before taxes	(9,510)
Gross Financial Position	(748,496)
Net Financial Position	(728,075)
Total Assets	1,976,250

The gross operating result (EBITDA) is equal to Euro 46.267 million, determined by the aforementioned operating revenues and other income for Euro 101.762 million, partially offset by operating costs of Euro 55.5 million.

Operating income (EBIT) amounted to Euro 2.104 million after depreciation and provisions for Euro 44.2 million, among these it should be mentioned the amortisation of the surplus value provisionally allocated to the item "Concessions" for Euro 27.6 million.

The pre-tax result is therefore equal to a loss of approximately Euro 9.510 million.

Gross Financial Position refer to Euro 31,5 million to short term maturity and Euro 717 million that refer to bank loans with 5 years maturity.

---

<sup>9</sup> "EBITDA" measures the result before amortisation, depreciation, provisions for risks and the replacement provision, write-downs, financial income and charges, taxes and non-recurring operations. The definition and the calculation methodology applied by Milione in calculating EBITDA and EBITDA margin might differ from the generally accepted definition of EBITDA and EBITDA margin in other countries and from the calculation methodology applied by other companies in the SAVE's industry. This might limit their usefulness as comparative measures.

The total assets at 30 June 2018 is equal to Euro 1,976,250 (thousand) and refer to:

- current assets for Euro 87.5 million (mainly referring to cash for Euro 15.9 million and to trade receivables of Euro 51.7 million to airlines and sub-concessionaires);
- non-current assets, amounting to Euro 1,888.8 million, mainly referring to Euro 504.1 million in fixed assets in airport infrastructures, Euro 82.5 million refer to investments valued at equity and Euro 1,255 million to concessions.

It should be underlined that the acquisition of the controlling interest in SAVE was recorded in the consolidated financial statements of Milione S.p.A. as required by IFRS 3 - "Business Combinations" on business combinations, applying the "purchase method". During the accounting of the transaction, it was considered that the individual steps by which control was acquired should be considered as a single transaction. Moreover, having the Company adopted the so called full goodwill method, as provided for by IFRS 3, this approach did not lead to any difference with respect to the values resulting from the allocation. Furthermore, on August 9, 2017, as the date of acquisition of control, the management appointed by convention as at June 30, 2017 as the first date on which to consolidate SAVE in the Milione consolidated financial statements. It should be noted that the transaction was accounted for by determining the concession on an interim basis as the difference between the cost of the combination and the fair value of the assets acquired and of the liabilities assumed at the date of the transaction. As envisaged by IFRS 3, the definitive purchase price allocation process may be completed within 12 months following the acquisition date and, accordingly, the definitive effects of the acquisition of SAVE will be reflected in the consolidated financial statements of Milione for the year ending 31 December 2018.

## TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the terms and conditions which will be applicable to the Bonds. These Terms and Conditions shall be endorsed on each Bond in definitive form.*

*The terms and conditions applicable to any Bond in global form will differ from those terms and conditions which would apply to the Bond were it in definitive form to the extent described under "Summary of Provisions Relating to the Bonds while in Global Form" set out in Schedule 3 of the Paying Agency Agreement.*

The issue of the €300,000,000 2.47 per cent. Senior Secured Bonds due 20 December 2026 (the "**Bonds**") of Milione S.p.A. (the "**Issuer**") was authorised by the relevant corporate bodies of the Issuer on 5 December 2018 registered in the Companies' register of Venice on 7 December 2018 and by a decision (*determina*) taken jointly by three duly authorised directors of the Issuer passed on 13 December 2018 registered in the Companies' register of Venice on 17 December 2018. The Bonds are constituted by a Trust Deed (the "**Trust Deed**") dated 20 December 2018 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the "**Bondholders**") and Deutsche Bank AG, London Branch as security agent under the Intercreditor Agreement (as defined below) and as representative (*rappresentante*) of the Bondholders from time to time pursuant to article 2414-*bis* paragraph 3 of the Italian Civil Code (the "**Security Agent**") in connection with the creation, enforcement and administration of the Secured Property (as defined below). The Bonds are also subject to an English law governed intercreditor agreement dated 20 December 2018, as amended and restated from time to time, entered into between, *inter alios*, the Issuer, the Trustee, the Security Agent and the other secured creditors named therein (the "**Intercreditor Agreement**"). The Bonds will be issued on 20 December 2018 (the "**Issue Date**").

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the "**Coupons**"). Copies of the Trust Deed, the Intercreditor Agreement and of the Paying Agency Agreement (the "**Paying Agency Agreement**") dated 20 December 2018 relating to the Bonds between the Issuer, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and the other paying agents for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent).

The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Intercreditor Agreement and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

References to "€" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

### 1. **Interpretation**

In these Conditions:

"**Acceptable Bank**" means:

- (a) a lender or an Affiliate of a lender under the Senior Facilities Agreement;
- (b) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by Standard & Poor's or Fitch or Baa3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency; or
- (c) any other bank or financial institution approved by the Noteholders pursuant to an Extraordinary Resolution; or

- (d) any other bank or financial institution which has a commercial relationship with SAVE or any other member of the SAVE Group on the Issue Date or any other bank or financial institution providing banking services to a business or entity acquired by a member of the Group as at completion of such Permitted Acquisition, **provided that** such other bank or financial institution has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BB- or higher by Standard & Poor's or Fitch or Ba3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency;

"**Account Bank**" means UniCredit S.p.A.

"**Accounting Reference Date**" means 31 December;

"**Accounting Principles**" means generally accepted accounting principles in the jurisdiction of incorporation of the relevant member of the Group, including IFRS;

"**Achievable Cost Savings**" means, for any Permitted Acquisition pursuant to paragraph (d)(iv) of the definition "Permitted Acquisitions", the EBITDA from cost savings reasonably anticipated to be achieved in connection with that Permitted Acquisition in the twelve-month period following completion of that Permitted Acquisition, **provided that** such cost savings are:

- (a) certified by two Authorised Signatories, one of which being a duly authorised director responsible for financial matters of the Issuer; and
- (b) in an amount not exceeding, in respect of any Permitted Acquisition pursuant to paragraph (d) above, 10% per cent. of the earnings before interest, Tax, depreciation and impairment of the company or business to be acquired (as set out in the target company's most recent financial statements);

"**Additional Credit Documentation**" has the meaning given to it in the Intercreditor Agreement;

"**Adjusted Borrowings**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Adjusted Consolidated EBITDA**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Adjusted Total Net Debt**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

"**Agreed Security Principles**" means the principles set out in the Intercreditor Agreement;

"**Airport Activities**" means the planning, development, implementation, adjustment, maintenance and operation of the airport plants and infrastructure;

"**Annual Financial Statements**" means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Condition 6.1 (*Financial statements*);

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

"**Authorised Signatory**" means any director, the chief financial officer, any senior officer or any other person or persons notified to the Trustee by any director as being an Authorised Signatory pursuant to the Trust Deed;

"**Bond Disposal Proceeds**" has the meaning given to it in Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);

"**Bond Cure Amount**" has the meaning given to it in Condition 10(g) (*Mandatory Early Redemption upon the receipt of a Cure Amount*);

**"Bond Issuer Excess Cash"** has the meaning given to it in Condition 10(h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*);

**"Bond Secured Creditors"** has the meaning given to it in Condition 4(a) (*Secured Property and Negative Pledge*);

**"Bond Termination Proceeds"** has the meaning given to it in Condition 10(f) (*Mandatory Early Redemption upon the receipt of Termination Payment Proceeds*);

**"Borrowings"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Business Acquisition"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Business Day"** means a day on which commercial banks and foreign exchange markets are open in the relevant city;

**"Calculation Amount"** has the meaning given to it in Condition 9(e) (*Interest*);

**"Cash Equivalent Investments"** means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank (but, if owned by any member of the Group excluding the SAVE Group, within the meaning of paragraphs (a), (b) or (c) of the relevant definition of Acceptable Bank only);
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, Norway, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-2 or higher by Standard & Poor's or F2 or higher by Fitch or P-2 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating; or
- (d) any investment in money market funds which:
  - (i) have a credit rating of either A-2 or higher by Standard & Poor's or F2 or higher by Fitch or P-2 or higher by Moody's; and
  - (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above, to the extent that investment can be turned into cash on not more than 30 days' notice,

in each case, denominated in Euro, USD or GBP, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents or Permitted Security where the removal of Cash Equivalent Investments from that

Permitted Security is not contingent on prior discharge of any indebtedness of any member of the Group or on the satisfaction of any condition);

"**Change of Control**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Change of Control Notice**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Change of Control Redemption Date**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Change of Control Response Date**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Charged Property**" means all of the assets of the Issuer or shareholders of the Issuer which from time to time are, or are expressed to be, the subject of the Transaction Security;

"**Code**" means the U.S. Internal Revenue Code of 1986;

"**Compliance Certificate**" means a certificate signed by two Authorised Signatories substantially in the form set out in Schedule 4 of the Trust Deed;

"**Concession Agreement**" means the concession agreement in respect of Airport Activities of the "Marco Polo" airport in Venice, entered into on 19 July 2001 by and between SAVE and ENAC, as amended from time to time;

"**Consolidated EBITDA**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Cure Amount**" has the meaning given to it in Condition 5.4 (*Cure Amount*);

"**Current Assets**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Current Liabilities**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Debt Purchase Transaction**" means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

any facility commitment or amount outstanding under the Senior Facilities Agreement.

"**Debt Service**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Disposal**" has the meaning given to it in Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);

"**Disposal Proceeds**" has the meaning given to it in Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);

"**Disruption Event**" means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Bonds (or otherwise in order for the transactions contemplated by the Transaction

Documents to be carried out) which disruption is not caused by, and is beyond the control of, the Issuer; or

- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of the Issuer preventing that, or any other entity:
  - (i) from performing its payment obligations under the Transaction Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Transaction Documents,

and which (in either such case) is not caused by, and is beyond the control of, the person whose operations are disrupted;

**"Distributions"** has the meaning given to such term in Condition 7.18 (*Dividends, share redemption and other distributions*);

**"EIB Finance Contract"** means the agreement governing the terms of the euro 150,000,000 loan facility granted or to be granted by the European Investment Bank to the Issuer in connection with the financing of SAVE's capital expenditure under the Programme Agreement, such financing to have a final maturity for each loan made thereunder of not less than 15 years;

**"EM's Family"** has the meaning given to such term in Condition 10 (*Redemption and Purchase*);

**"ENAC"** means the Italian authority Ente Nazionale per l'Aviazione Civile;

**"Environment"** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water);

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law;

**"Environmental Law"** means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste;

**"Environmental Permits"** means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group;

**"Exceptional Items"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Excluded Disposal Proceeds"** has the meaning given to it in Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);

"**Excess Cashflow**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**External Creditor**" has the meaning given to it in the Intercreditor Agreement;

"**Event of Default**" means any event or circumstance specified as such in Condition 13 (*Events of Default*);

"**FATCA Legislation**" means: (i) Sections 1471 through 1474 of the Code or any associated regulations; (ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in (i); or (iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (i) or (ii) with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

"**Finance Charges**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Finance Lease**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Financial Half Year**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) the capitalised value of any liability in respect of Finance Leases to the extent treated as a capital lease in accordance with the Accounting Principles as at the Issue Date;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under the Accounting Principles);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability (but not, in any case, Trade Instruments) of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition, it being understood that only the outstanding amounts of the relevant underlying liability shall be taken into consideration for the purposes of this paragraph (g);
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under the Accounting Principles;
- (i) any amount of any liability under an advance or deferred purchase agreement if: (i) one of the primary reasons behind entering into the agreement is to raise finance (it being understood that the extension of any original term of payment, in each case within 180 days after the date of supply, will not, per se, constitute Financial Indebtedness) or to finance the acquisition or construction of the asset or service in question; or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply (excluding any customer advance and related deferred income arising in the ordinary course of business);

- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and
- (k) (without double counting) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above;

"**Financial Year**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Fitch**" means Fitch Ratings Ltd;

"**Group**" means the Issuer and each of its Subsidiaries for the time being;

"**Group Structure Chart**" means the structure chart of the Group as set out in Schedule 5 of the Trust Deed;

"**Hedging Agreement**" means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by the Issuer and a Hedge Counterparty for the purpose of hedging the types of liabilities and/or risks in relation to the Senior Facilities Agreement which the Hedging Letter (by reference to its form at the time that agreement is entered into) either requires or had required, to be hedged;

"**Hedge Counterparty**" means any entity which has become a party as a Hedge Counterparty to the Intercreditor Agreement in accordance with the provisions of the Intercreditor Agreement;

"**Hedging Letter**" means the letter dated on or before the date of the Senior Facilities Agreement and made between the arranger named therein and the Issuer describing the hedging arrangements to be entered into in respect of the interest rate liabilities of the Issuer of, and in relation to, the Senior Facilities Agreement;

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary;

"**IFRS**" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

"**Increased Rate of Interest**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Information**" has the meaning given to it in Condition 8.11 (*Representations and Warranties*);

"**Intellectual Property**" means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group (which may now or in the future subsist);

"**Interest Cover**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Interest Period**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Interest Payment Date**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Investment Grade Rating**" means, in relation to an entity, a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB- or higher by Standard & Poor's or Fitch or Baa3 or higher by Moody's, **provided that**:

- (a) in the event that the Issuer ceases to be rated with an Investment Grade Rating by a Rating Agency, for the purposes of paragraph (f) of the definition of Permitted Refinancing Debt, if such downgrade is demonstrated (in form and substance reasonably satisfactory to the Trustee), to be exclusively linked to the downgrade of the Republic of Italy's rating by that Rating Agency and without such country downgrade, the Issuer would continue to have an Investment Grade Rating with that Rating Agency, the Issuer shall be deemed to have an Investment Grade Rating for the purposes of this definition; and
- (b) failure by the Issuer to maintain a Rating with at least one Rating Agency will be deemed as if the Issuer had a Rating lower than an Investment Grade Rating;

"**Investors**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Issuer EBITDA**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Issuer Excess Cash**" has the meaning given to it in Condition 10(h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*);

"**Issuer Grossed Up Borrowings**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Issuer Net Finance Charges**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Issuer Stake**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Issuer Share Pledge Agreement**" has the meaning given to it in Condition 4(a) (*Secured Property and Negative Pledge*);

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity;

"**Legal Reservations**" means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitations laws, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction, to the extent they are relevant and applicable; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the legal opinions delivered, *inter alios*, to the Trustee in connection with the Transaction Documents;

"**Leverage**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Liabilities Acquisition**" has the meaning given to it in the Intercreditor Agreement;

"**Lock-Up Event**" has the meaning given to it in Condition 10(h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*);

"**Make Whole Amount**" has the meaning given to it in Condition 10(c) (*Redemption at the option of the Issuer*);

**"Mandatory Redemption Date"** means each of the relevant dates fixed for redemption pursuant to Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*), (f) (*Mandatory Early Redemption upon the receipt of Termination Payment Proceeds*), (g) (*Mandatory Early Redemption upon the receipt of a Cure Amount*) or (h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*);

**"MAR"** means EU Regulation 596/2014 (as may be amended from time to time);

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the consolidated financial condition, assets or business of the Group taken as a whole; or
- (b) the ability of the Issuer to perform and comply with its payment obligations under any Transaction Documents; or
- (c) the validity, legality or enforceability of any Transaction Document; or
- (d) the validity, legality or enforceability of any Security granted or purporting to be granted pursuant to any Transaction Security Document or on the priority and ranking of any of that Security;

**"Material Subsidiaries"** means, at any time a Subsidiary of the Issuer which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as Consolidated EBITDA representing 5 per cent. or more of Consolidated EBITDA or has turnover (excluding intra-group items) representing 10 per cent., or more of the turnover of the Group, calculated on a consolidated basis;

**"Maturity Date"** has the meaning given to it in Condition 10(a) (*Final Redemption*);

**"Moody's"** means Moody's Investors Service Limited;

**"Net Finance Charges"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"New Equity"** means (a) a subscription for shares in the Issuer or (b) any other form of equity contribution to the Issuer;

**"Non-Group Entity"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Optional Redemption Date"** has the meaning given to it in Condition 10(c) (*Redemption at the option of the Issuer*);

**"Original Financial Statements"** means Issuer's audited financial statements for its Financial Year ended 31 December 2017;

**"Original Jurisdiction"** means, the jurisdiction under whose laws the Issuer is incorporated as at the date of these Conditions;

**"Original Rate of Interest"** has the meaning given to it in Condition 9(a) (*Interest*);

**"Parent Debt"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Participating Member State"** means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

**"Pension Items"** has the meaning given to it in Condition 5.1 (*Financial definitions*);

**"Perfection Requirements"** means the making or the procuring of the necessary registrations, filings, endorsements, notarisations, stampings and/or notifications of the Transaction Security Documents and/or the Transaction Security created thereunder in order to perfect the Transaction Security;

**"Permitted Acquisition"** means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal or a Permitted Transaction;
  - (b) an acquisition of shares or securities pursuant to a Permitted Share Issue;
  - (c) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments do not become subject to any Security in favour of third parties which is not a Permitted Security;
  - (d) the acquisition (including for the avoidance of doubt by subscription of shares) by any member of the Group, for cash consideration, of:
    - (i) issued share capital of Aeroporto Valerio Catullo S.p.A., where the consideration (including associated costs and expenses) for the acquisition and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in the acquired company (or any such business) at the date of acquisition (the "**Consideration**") (unless the excess is funded in full by New Equity) does not exceed in aggregate euro 50,000,000 (or its equivalent in other currencies);
    - (ii) minority shareholdings in the issued share capital of Aer Tre S.p.A., where the Consideration does not (unless the excess is funded in full by New Equity) exceed in aggregate euro 5,000,000 (or its equivalent in other currencies);
    - (iii) shares of a limited liability companies or businesses, where 75 per cent. of the turnover of such companies or business result from Airport Activities;
    - (iv) shares of a limited liability company or (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking carried on as a going concern, but only if:
      - (A) no Event of Default or Potential Event of Default is continuing on the closing date for the acquisition or would occur as a result of the acquisition;
      - (B) the acquired company, business or undertaking is incorporated or established, and carries on its principal business in, the European Union, the United Kingdom or the United States of America and is engaged in a business substantially similar or ancillary or (related) to the same as that carried on by the Group; and
      - (C) the Consideration (when aggregated with the consideration (including associated costs and expenses) for any other Permitted Acquisition under paragraph (d)(iii) above and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in any such acquired companies or businesses at the time of acquisition) does not exceed in aggregate euro 50,000,000 (or its equivalent in other currencies) over the life of the Bonds (unless the excess is funded in full by New Equity); and
- in each case, the acquisition under this paragraph (d) is funded with Permitted Financial Indebtedness or New Equity; or
- (e) an acquisition by a member of the Group to the extent it constitutes a Joint Venture permitted by Condition 7.10 (*Joint Ventures*);

Any acquisition will only be permitted under paragraph (d)(iv) above if the Issuer delivers to the Trustee within 30 Business Days after completion of such acquisition a certificate signed by two Authorised Signatories to which is attached a copy of the latest audited accounts (or if not available, management accounts) of the target company or business.

Such certificate shall state and must give calculations showing in reasonable detail that the Issuer would have remained in compliance with its obligations under Condition 5 (*Financial Covenants*) if the covenant tests were recalculated for the Relevant Period ending on the most recent Semester Date consolidating the financial statements of the target company (consolidated if it has Subsidiaries) or business with the financial statements of the Group for such period on a *pro forma* basis taking into account Achievable Cost Savings and as if the consideration for the proposed acquisition had been paid at the start of that Relevant Period;

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal which, except in the case of paragraph (b), is on arm's length terms:

- (a) of trading stock or cash made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of any asset by a member of the Group (the "**Disposing Company**") to another member of the Group (the "**Acquiring Company**"), but if the Disposing Company had given Security to the Secured Creditors over the asset, the Acquiring Company must give equivalent Security to the Secured Creditors over that asset;
- (c) of assets (other than shares, businesses, Real Property/Intellectual Property) in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);
- (d) of obsolete, worn out or redundant assets (other than shares and businesses) for cash;
- (e) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (f) to a Joint Venture, to the extent permitted by Condition 7.10 (*Joint ventures*);
- (g) of receivables on a non-recourse basis (qualifying as "*pro-soluto*" under the Accounting Principles) **provided that** the aggregate of any such receivables does not exceed euro 10,000,000 per each Financial Year (or its equivalent) on a revolving basis at any time;
- (h) of assets compulsorily acquired by any governmental authority to the extent that such disposal would not be reasonably likely to trigger an Event of Default;
- (i) arising as a result of any Permitted Security;
- (j) of the participation indirectly held by SAVE in the Charleroi airport;
- (k) of shares in SAVE (by way of a sale, transfer or any other type of disposal (including through an *Offerta Pubblica di Vendita*)), **provided that:** (i) no Change of Control occurs as a result of any such disposal; and (ii) (other than with respect to the shares that SAVE owns in itself (which, for the avoidance of doubt, may be also contributed/exchanged) in the case of a disposal by SAVE of the own shares it holds) the consideration is paid in cash; and (iii) the relevant net proceeds of the share disposal are applied in mandatory prepayment in accordance with Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);
- (l) of fixed assets (other than fixed assets over which SAVE has a right of use under the Concession Agreement and which are necessary to carry out the Airport Activities of the "Marco Polo" airport) where the disposal is made for cash and the cash proceeds of disposal are applied within 12 months of receipt to purchase replacement assets for use in the ordinary course of business; or
- (m) by SAVE and/or any its Subsidiaries of any assets (other than shares) not comprised in the preceding paragraphs where the net cash proceeds (when aggregated with net cash proceeds for any other sale, transfer or other disposal not allowed under the preceding paragraphs or as a Permitted Transaction) does not exceed euro 50,000,000 (or its equivalent) in total during the life of the Bonds;

**"Permitted Distribution"** means any Distributions (including, without limitation: (i) payments of amounts due under intercompany loans (or other intercompany debt); and/or (ii) granting of loans and/or payment of fees) by the Issuer to the Issuer's shareholders, if the conditions set out in paragraph (c) of Condition 7.18 (*Dividends, share redemption and other distributions*) are satisfied;

**"Permitted Financial Indebtedness"** means Financial Indebtedness:

- (a) arising under any of the Transaction Documents;
- (b) permitted by Condition 7.23 (*Treasury Transactions*);
- (c) arising under the Senior Facilities Agreement;
- (d) arising from the EIB Finance Contract;
- (e) arising under a Permitted Refinancing Debt Document;
- (f) arising under a Permitted Loan or a Permitted Guarantee;
- (g) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank in respect of, and for the same amount of, an underlying liability constituting Permitted Financial Indebtedness;
- (h) of any person (or relating to any business or going concern) acquired by the Issuer which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or in contemplation of, or since, that acquisition;
- (i) arising under intercompany loans from the Issuer to another member of the Group;
- (j) arising under any cash pooling arrangements between the Issuer and its Subsidiaries or, until such arrangements are implemented, SAVE and its Subsidiaries;
- (k) arising under the Euro 10,000,000 loan agreement entered into by Aer Tre S.p.A. and MedioCredito Italiano S.p.A.;
- (l) of the SAVE Group not otherwise permitted by preceding paragraphs, the outstanding principal amount of which when aggregated with: (i) the principal amount of any Financial Indebtedness or actual or contingent liabilities acquired by the SAVE Group in the context of a Permitted Acquisition; (ii) the contingent liabilities under any guarantee given by the SAVE Group in respect of the liabilities of any Permitted Joint Venture; and (iii) the Financial Indebtedness permitted under paragraph (k) above does not exceed Euro 30,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time; or
- (m) any Subordinated Debt;

**"Permitted Guarantee"** means:

- (a) any guarantee arising under the Transaction Documents, the Senior Facilities Agreement or the EIB Contract;
- (b) the endorsement of negotiable instruments in the ordinary course of trade;
- (c) any guarantee or performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade or prescribed by the applicable laws (including, without limitation, environmental laws) or regulation (including, without limitation, environmental regulation) or requested by public authorities or in connection with authorisations or permits required for carrying on the business of the Group;
- (d) any guarantee of a Joint Venture to the extent permitted by Condition 7.10 (*Joint ventures*);

- (e) any guarantee permitted pursuant to the definition of "Permitted Financial Indebtedness" and/or the definition of "Permitted Transaction";
- (f) any guarantee given or to be given in favour of the Italian tax authorities for the purposes of the refund or set-off of any VAT credit;
- (g) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of "Permitted Security";
- (h) any indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction which is a Permitted Acquisition or Permitted Disposal which indemnity is in a customary form and subject to customary limitations; or
- (i) with respect to the SAVE Group only, any other guarantees or indemnities (not permitted by the preceding paragraphs), up to a permitted basket of euro 1,000,000 (or its equivalent in other currencies);

**"Permitted Joint Ventures"** means any investment, by any member of the Group, in any Joint Venture where:

- (a) the Joint Venture is incorporated, or established, and carries on its principal business, in a country that is a member state of the European Union, the United Kingdom, the European Economic Area or the United States of America;
- (b) the Joint Venture is engaged in a business substantially similar or ancillary (or related) to that carried on by the SAVE Group; and
- (c) the aggregate of:
  - (i) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Group;
  - (ii) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Joint Venture; and
  - (iii) the market value of any assets transferred by any member of the Group to any such Joint Venture, either:
    - does not, in aggregate, exceed:
      - (A) euro 35,000,000 or its equivalent in any Financial Year of the Issuer; or
      - (B) euro 50,000,000 or its equivalent in total during the life of the Bonds;
    - or, to the extent it exceeds any of the above thresholds, is funded by either the proceeds of any New Equity or Subordinated Debt;

**"Permitted Loan"** means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities and any advance payment made in the ordinary course of business;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness (except under paragraph (a) of that definition);
- (c) a loan made to a Joint Venture to the extent permitted under Condition 7.10 (*Joint ventures*);

- (d) a loan made by a member of the Group to another member of the Group (other than to the Issuer unless such loan is part of a Group cash pooling arrangement);
- (e) any deferred consideration on Permitted Disposals;
- (f) any loan made by the Issuer to its shareholders (or its Affiliates) which constitutes a Permitted Distribution; or
- (g) any other loan made by SAVE (not permitted by the preceding paragraphs) so long as the aggregate principal amount of the Financial Indebtedness under any such loans does not exceed euro 5,000,000 (or its equivalent) at any time and such loan is not made to the Issuer, any shareholder of the Issuer or any of their Affiliates outside the Group;

"**Permitted Payments**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Permitted Refinancing Debt**" means any Financial Indebtedness incurred by the Issuer under the Senior Facilities Agreement, the EIB Finance Contract and any other Additional Credit Documentation (as defined in the Intercreditor Agreement) **provided that**, if such Permitted Refinancing Debt does not refinance the Bonds in full, then unless otherwise agreed by the Bondholders pursuant to an Extraordinary Resolution, the following conditions must be satisfied on or prior to the date on which such Permitted Refinancing Debt is incurred:

- (a) each creditor under such Financial Indebtedness is a party to or has acceded to the Intercreditor Agreement as an External Creditor (as defined in the Intercreditor Agreement) in accordance with the terms of the Intercreditor Agreement;
- (b) such Permitted Refinancing Debt does not benefit from any guarantee or Security granted by the shareholders of the Issuer or any member of the Group except for Security granted pursuant to the Transaction Security Documents;
- (c) such Permitted Refinancing Debt ranks no higher than *pari passu* with the Bonds;
- (d) the Bonds will not be contractually or structurally subordinated to any such Permitted Refinancing Debt; and
- (e) other than in respect of the Financial Indebtedness incurred under the Senior Facilities Agreement or the EIB Contract issued on or prior to the Issue Date, the Issuer has delivered to the Trustee a certificate (in form and substance satisfactory to the Trustee) confirming that:
  - (i) the interest rate is an arms' length interest rate;
  - (ii) no Event of Default or Potential Event of Default is continuing or would occur as a result of the incurrence of such Permitted Refinancing Debt; and
  - (iii) (other than in respect of the Financial Indebtedness incurred to partially refinance the incurred Financial Indebtedness and to finance the relevant Permitted Refinancing Debt Transaction Costs (which does not increase, other than for the Permitted Refinancing Debt Transaction Costs, the Financial Indebtedness outstanding), Leverage (recalculated on a *Pro Forma* Basis) would not exceed: (A) if at such time the Rating is equal or higher than the Investment Grade Rating, 7.50:1; or (B) if at such time the Rating is lower than the Investment Grade Rating, 7.00:1.

For the purposes of this definition, on a "**Pro Forma Basis**" means a recalculation at each utilisation or issue date under the relevant Permitted Refinancing Debt on a 12 month forward looking basis as at the most recent Semester Date taking into account the incurrence of the proposed utilisation or issue on a *pro forma* basis (such that it is assumed that the principal amount of such Financial Indebtedness was incurred on the most recent Semester Date).

"**Permitted Refinancing Debt Document**" means any agreement or other document setting out the terms (or any of them) of, evidencing or constituting any Permitted Refinancing Debt;

**"Permitted Security"** means:

- (a) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
- (b) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only, to the extent such netting, set-off or Security relates to, or is granted in support of, a loan permitted pursuant to paragraph (e) of the definition of "Permitted Loan";
- (c) any payment or close out netting or set-off arrangement pursuant to any Treasury Transaction or foreign exchange transaction entered into by a member of the Group which constitutes Permitted Financial Indebtedness, excluding any Security or Quasi-Security under a credit support arrangement;
- (d) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the Issue Date if:
  - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
  - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
  - (iii) the Security or Quasi-Security which is not otherwise a Permitted Security is removed or discharged within 6 months of the date of acquisition of such asset;
- (e) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the Issue Date, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:
  - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
  - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
  - (iii) the Security or Quasi-Security which is not otherwise a Permitted Security is removed or discharged within 6 months of that company becoming a member of the Group;
- (f) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;
- (g) any Security or Quasi-Security (existing as at the Issue Date) over assets of any member of the Group so long as the Security or Quasi-Security is irrevocably removed or discharged by no later than the Issue Date;
- (h) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
- (i) any Transaction Security, including cash collateral to secure obligations under the Transaction Documents;
- (j) any Security arising by operation of law in respect of taxes being actively and diligently contested in good faith and by appropriate proceedings in compliance with Condition 12 (*Taxation*);

- (k) any Security arising as a direct result of legal proceedings discharged within 60 (sixty) Business Days or otherwise being actively and diligently contested in good faith and by appropriate proceedings (and not otherwise constituting an Event of Default); or
- (l) any Security securing indebtedness of SAVE or any of its Subsidiaries, the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by SAVE or any of its Subsidiaries other than any permitted under paragraphs (a) to (i) above) does not exceed at any time euro 10,000,000 (or its equivalent in other currencies), provided that no Security shall be granted over receivables of SAVE or any of its Subsidiaries arising out or in connection with the Concession Agreement or the Programme Agreement (including upon termination thereof);

**"Permitted Share Issue"** means an issue of:

- (a) ordinary shares by the Issuer to its shareholders, paid for in full in cash upon issue and which by their terms are not redeemable before the Maturity Date and where: (i) such shares are of the same class and on the same terms as those initially issued by the Issuer; and (ii) such issue does not lead to a Change of Control of the Issuer;
- (b) shares by a member of the Group which is a Subsidiary to its immediate or indirect Holding Company where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same terms; and
- (c) shares by the relevant target company to a member of the Group pursuant to a Permitted Acquisition;

**"Permitted Transaction"** means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Transaction Documents;
- (b) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar arrangement (including any series of connected transactions), of any Subsidiary of SAVE, whilst solvent whereby a substantial part of the assets and undertakings of such Subsidiary are transferred, sold, contributed, assigned or otherwise vested in SAVE and/or another wholly owned Subsidiary of the Issuer; and
- (c) transactions (other than: (i) any sale, lease, license, transfer or other disposal; and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;

**"Potential Event of Default"** means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 13 (*Events of Default*) become an Event of Default;

**"Presentation Date"** means a day which (subject to Condition 14 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Bond or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day;

**"Programme Agreement"** means the programme agreement (*contratto di programma*) dated 26 October 2012 regarding the Airport Activities of the "Marco Polo" airport under the Concession Agreement between SAVE and ENAC, as amended on 28 December 2012 and as further amended from time to time;

"**Put Notice**" has the meaning given to it in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*);

"**Qualified Investors**" means an *investitore qualificato* as defined pursuant to article 100 of Italian Legislative Decree No. 58 of 24 February 1998 (as amended), as implemented by article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended, pursuant to article 34-ter, paragraph 1, letter (b) of Regulation No. 11971 dated 14 May 1999, and in accordance with any applicable Italian laws and regulations;

"**Quasi-Security**" has the meaning given to it in Condition 4(b) (*Secured Property and Negative Pledge*);

"**Rating**" means a public credit rating of the Issuer from at least one Rating Agency;

"**Rating Agency**" means Moody's, Fitch, Standard & Poor's or any successor to any of them from time to time;

"**Reference Dealer Rate**" has the meaning given to it in Condition 10(c) (*Redemption at the option of the Issuer*);

"**Reference Dealers**" has the meaning given to it in Condition 10(c) (*Redemption at the option of the Issuer*);

"**Regular Period**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Regulation**" has the meaning given to it in Condition 8.22 (*Centre of main interests and establishments*);

"**Relevant Jurisdiction**" means, in relation to the Issuer:

- (a) the Republic of Italy;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated; and
- (c) any jurisdiction where it conducts its business;

"**Relevant Date**" means whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the Bondholders. Any reference in these Conditions to principal and/or interest is deemed to include any additional amounts which may be payable under Condition 12 (*Taxation*) or any undertaking given in addition to or substitution for it under the Trust Deed;

"**Relevant Period**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Relevant Taxing Jurisdiction**" has the meaning given to it in Condition 10(b) (*Redemption for taxation reasons*);

"**Repeating Representations**" means each of the representations set out in Condition 8.2 (*Status*) to Condition 8.7 (*Governing law and enforcement*), Condition 8.11 (*Financial Statements*), Condition 8.19 (*Ranking*) to Condition 8.21 (*Legal and beneficial ownership*), Condition 8.23 (*Centre of main interests and establishments*), Condition 8.24 (*Sanctions*) and Condition 8.17 (*Anti-bribery, anti-corruption and anti-money laundering*);

"**Retained Proceeds**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Sanctioned Country**" means any country or territory that is (or will be after the date of these Conditions), or whose government is (or will be after the date of these Conditions), the subject of

Sanctions prohibiting dealings with such government, country or territory, including without limitation, on the date of these Conditions, Crimea, Cuba, Iran, North Korea, Sudan, South Sudan and Syria;

**"Sanctioned Person"** means any person, entity or other party that is the subject or target of any Sanctions or is listed on any Sanctions List, or owned or controlled by, or acting on the behalf of, a person listed on any Sanctions List or subject or target of any Sanctions or owned or controlled by any Sanctioned Country or other Sanctioned Person;

**"Sanctions"** means any economic, financial or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted, imposed or enforced from time to time by any Sanctions Authority;

**"Sanctions Authority"** means:

- (a) the United Nations;
- (b) the European Union;
- (c) the United States government;
- (d) the United Kingdom;
- (e) the relevant sanctions authority of the jurisdiction of incorporation of the Issuer; or
- (f) the respective governmental institutions and agencies of any of the foregoing with responsibility for imposing, administering or enforcing Sanctions with jurisdiction over any Finance Party or any member of the Group, including, without limitation, the United Nations Security Council, the Office of Foreign Assets Control of the US Department of the Treasury, the US Department of State, Her Majesty's Treasury and/or any other competent body of any such applicable jurisdiction with responsibility for imposing, administering or enforcing Sanctions;

**"Sanctions List"** means any list issued or maintained by any Sanctions Authority of persons subject to Sanctions (including investment or related restrictions), each as amended, supplemented or substituted from time to time, for example the Specially Designated Nationals and Blocked Persons list maintained by OFAC;

**"Satisfactorily Subordinated"** means in relation to any indebtedness:

- (a) that the provider of such indebtedness has no contractual right pursuant to the terms of the Intercreditor Agreement:
  - (i) to receive any payments of any nature whether in respect of fees, interest, principal or indemnities; to the extent the relevant payment is not a Permitted Payment or a Permitted Distribution; or
  - (ii) to bring any claim of any nature against any member of the Group, instigate any proceedings of any nature against any member of the Group or accelerate payment in respect of the indebtedness provided,

in each case until all amounts outstanding under the Transaction Documents have been repaid in full as determined in accordance with the Intercreditor Agreement and all Transaction Security have been released (subject to completion of the relevant release formalities); and

- (b) the provider of such indebtedness has acceded to the Intercreditor Agreement to subordinate its indebtedness to the senior creditors set out in the Intercreditor Agreement on the terms set out in paragraph (a) above and as a "Subordinated Creditor" as provided therein;

**"SAVE"** means SAVE S.p.A., a limited liability company incorporated under the laws of Italy, having its registered office in Viale Galileo Galilei 30/1, Venice, VAT number and registration with the Register of Companies of Venice 02193960271, corporate capital euro 35,971,000.00;

"**SAVE Group**" means SAVE and its Subsidiaries;

"**SAVE Share Pledge Agreement**" has the meaning given to it in Condition 4(a) (*Secured Property and Negative Pledge*);

"**Secured Creditors**" means the Bond Secured Creditors and the other secured creditors named in the Intercreditor Agreement;

"**Secured Property**" has the meaning given to it in Condition 4(a) (*Secured Property and Negative Pledge*);

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"**Security Deed**" has the meaning given to it in Condition 4(a) (*Secured Property and Negative Pledge*);

"**Semester Date**" has the meaning given to it in Condition 5.1 (*Financial definitions*);

"**Semi-Annual Statements**" means the financial statements delivered pursuant to paragraph (b) of Condition 6.1 (*Financial statements*);

"**Senior Facilities Agreement**" means the €695,000,000 senior facilities agreement entered into, *inter alia*, by the Issuer, Banca IMI S.p.A., BNP Paribas, Italian Branch, Banca Nazionale del Lavoro S.p.A., Credit Agricole Corporate and Investment Bank – Milan Branch and UniCredit S.p.A. on 13 December 2018;

"**Senior Facilities Agreement Documents**" means the Senior Facilities Agreement, the Hedging Letter, the Intercreditor Agreement, Transaction Security Document and any compliance certificate, fee letter, selection notice, utilisation request or any other document designated a "finance document" pursuant to the Senior Facilities Agreement, each as amended and supplemented from time to time;

"**Standard & Poor's**" means Standard & Poor's Financial Services LLC;

"**Step-Down Interest Event**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Step-Up Interest Event**" has the meaning given to it in Condition 9(a) (*Interest*);

"**Subsidiary**" means in relation to any company, corporation or legal entity (a "**holding company**"), any company, corporation or legal entity:

- (a) which is controlled, directly or indirectly, by the holding company; or
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- (c) which is a subsidiary of another subsidiary of the holding company,

and, for these purposes, a company, corporation or legal entity is treated as being controlled by another if that other company, corporation or legal entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

"**Subordinated Debt**" means any loan to the Issuer by its direct or indirect shareholders and/or by any third parties which is Satisfactorily Subordinated and which has been designated a "Subordinated Liability" by the Security Agent and the Issuer in writing for the purposes of the Intercreditor Agreement;

"**TARGET2 Settlement Day**" means any day on which the TARGET System is open for the settlement of payments in Euro;

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

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

"**Termination Payment Proceeds**" has the meaning given to it in Condition 10(f) (*Mandatory Early Redemption upon the receipt of Termination Payment Proceeds*);

"**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate, currency or price;

"**Trade Instruments**" means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any member of the Group arising in the ordinary course of trading of that member of the Group;

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other Taxes incurred by the Issuer in connection with the Transaction Documents;

"**Transaction Documents**" means each of the Trust Deed, Paying Agency Agreement, the Transaction Security Documents and the Intercreditor Agreement;

"**Transaction Security**" means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents;

"**Transaction Security Documents**" has the meaning given to it in Condition 4 (*Secured Property and Negative Pledge*); and

"**Working Capital**" has the meaning given to it in Condition 5.1 (*Financial definitions*).

Furthermore, in these Conditions:

- (a) any reference to any of the Transaction Documents or the Senior Facilities Agreement Documents or the Transaction Security Documents shall be construed as a reference to such Transaction Document or such Senior Facilities Agreement Document or such Transaction Security Document, as the case may be, as amended and/or supplemented from time to time;
- (b) notwithstanding anything to the contrary in these Conditions, the terms of any Intercreditor Agreement will prevail if there is a conflict between the terms of these Conditions and the terms of such Intercreditor Agreement;
- (c) the "**Trustee**", the "**Principal Paying Agent**", the "**Issuer**", any "**Hedge Counterparty**", any "**Bondholder**", any "**Party**", any "**Secured Creditor**", the "**Security Agent**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Transaction Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Transaction Documents.

## 2. **Form, Denomination, Title, Selling and transfer restrictions**

- (a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denomination of €100,000, each with Coupons attached on issue.
- (b) **Title:** Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

- (c) **Holder absolute owner:** The Issuer, any Paying Agent, the Trustee and the Bondholders' Representative may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bond or Coupon as the absolute owner for all purposes (whether or not the Bond or Coupon is overdue and notwithstanding any notice of ownership, trust or other interest therein or writing on the Bond or Coupon or any notice of previous loss or theft of the Bond or Coupon) and is not required to obtain any proof thereof or as to the identity of such bearer.
- (d) **Selling and transfer restrictions:** The Bonds may only be subscribed, held, sold, transferred and delivered, either on the primary or on the secondary market, to investors that are Qualified Investors.

### 3. Status

The Bonds and Coupons constitute (subject to Condition 4 (*Secured Property and Negative Pledge*)) direct, unconditional obligations of the Issuer which are secured in the manner provided in Condition 4 (*Secured Property and Negative Pledge*) and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Secured Property and Negative Pledge*), at all times rank at least equally with all its other present and future secured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 4. Secured Property and Negative Pledge

- (a) **Secured Property:** The obligations of the Issuer under the Bonds and the Trust Deed are secured in favour of: (A) the Trustee for the benefit of itself and as trustee for the Bondholders; (B) the Security Agent; (C) the Bondholders; and (D) the Couponholders, (together, the "**Bond Secured Creditors**") by:
  - (i) a pledge over the shares of the Issuer owned by Infra Hub S.r.l., Leone Infrastructure S.r.l. and Sviluppo 87 S.r.l. (collectively, the "**Shareholders**"), representing, in the aggregate, approximately 99.99 per cent. of the share capital of the Issuer, pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Shareholders, the Trustee and the Security Agent (the "**Issuer Share Pledge Agreement**");
  - (ii) a pledge over each of the bank accounts of the Issuer and an assignment by way of security of the receivables of the Issuer arising from, or in connection with, the Intercompany Loan Agreements and the Hedging Documents pursuant to a security deed (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**Security Deed**") (each term as therein defined); and
  - (iii) a pledge over the shares of SAVE owned by the Issuer representing the 98.8% of the share capital of SAVE pursuant to a pledge agreement (governed by Italian law) dated 20 December 2018 between, *inter alios*, the Issuer, the Trustee and the Security Agent (the "**SAVE Share Pledge Agreement**"),

(together, the "**Transaction Security Documents**").

The property specified in this Condition 4(a), together with any other property or assets held by and/or charged in favour of and/or assigned to the Bond Secured Creditors pursuant to the Transaction Security Documents and/or any deed or document supplemental thereto is referred to in these Conditions as the "Secured Property".

The Bonds are also subject to, and have the benefit of, an English law governed Intercreditor Agreement pursuant to which proceeds from enforcement of the Security specified in this Condition 4(a) will be shared *pro rata* among the Secured Parties (as defined in the Intercreditor Agreement including the Bond Secured Creditors) who have enforced their security interests against the Issuer pursuant to the relevant Transaction Security Document. The Intercreditor

Agreement contains provisions governing the rights of the Bondholders and the other Secured Parties in respect of the *pro rata* sharing and priority of application of amounts received or recovered in respect of the Security specified in this Condition 4(a). The Security Agent shall have the right under the Transaction Security Documents entered into in favour of, *inter alia*, the Bondholders and the Security Agent to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in accordance with such Transaction Security Documents and pursuant to these Conditions and the Transaction Document.

(b) **Negative Pledge:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), except as permitted under paragraph (iii) below:

(i) the Issuer shall not (and shall procure that no other member of the Group, will) create or permit to subsist any Security over any of its assets;

(ii) the Issuer shall not (and shall procure that no other member of the Group, will):

(A) sell, transfer or otherwise dispose of any of its assets to any person which is not a member of the Group on terms whereby such assets are or may be leased to or re-acquired by the Issuer or any other member of the Group;

(B) sell, transfer or otherwise dispose to any person which is not a member of the Group of any of its receivables on recourse terms, unless the relevant sell, transfer or disposal constitute a Permitted Financial Indebtedness and/or a Permitted Disposal;

(C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(D) enter into any other preferential arrangement having a similar effect,

(together, "**Quasi-Security**") in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, without at the same time or prior thereto according to the Bonds and the Coupons the same security as is created or subsisting to secure any such Financial Indebtedness, guarantee or indemnity or such other security as either: (i) the Trustee in its absolute discretion deems not materially less beneficial to the interest of the Bondholders; or (ii) is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(iii) Paragraphs (i) and (ii) above do not apply to any Security or (as the case may be) Quasi-Security, which is referred to in Condition 4(a) or which is:

(A) Permitted Security; or

(B) a Permitted Transaction.

## 5. **Financial Covenants**

### 5.1 **Financial definitions**

"**Adjusted Borrowings**" means: (i) Borrowings of any member of the Group excluding the Issuer; plus (ii) Issuer Grossed Up Borrowings;

"**Adjusted Consolidated EBITDA**" means, in relation to a Relevant Period, Consolidated EBITDA for that Relevant Period adjusted by:

- (a) including the operating profit before interest, tax, depreciation and amortisation and impairment charges (calculated on the same basis as Consolidated EBITDA) of a member of the Group (or attributable to a business or assets) acquired during the Relevant Period for that part of the Relevant Period prior to its becoming a member of the Group or (as the case may be) prior to the acquisition of the business or assets; and
- (b) excluding the operating profit before interest, tax, depreciation and amortisation and impairment charges (calculated on the same basis as Consolidated EBITDA) attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period for that part of the Relevant Period;

**"Adjusted Total Net Debt"** means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Adjusted Borrowings at that time but:

- (a) excluding any such obligations to any other member of the Group;
- (b) excluding any Parent Debt and, to the extent they constitute Borrowings, any new equity injections;
- (c) excluding any Permitted Financial Indebtedness which is subordinated in accordance with the Intercreditor Agreement or otherwise on terms authorised by an Extraordinary Resolution;
- (d) including, in the case of Finance Leases only, their capitalised value; and
- (e) deducting the aggregate amount of Cash and Cash Equivalent Investments held by any member of the Group at that time,

and so that no amount shall be included or excluded more than once;

**"Issuer Cashflow"** means, in respect of any Relevant Period, Issuer EBITDA for that Relevant Period after:

- (a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that Relevant Period;
- (b) adding the amount of any cash receipts during that Relevant Period in respect of any Exceptional Items not already taken account of in calculating Issuer EBITDA for any Relevant Period to the extent not already used for another purpose and deducting the amount of any cash payments made during the Relevant Period in respect of any Exceptional Items not already taken account of in calculating Issuer EBITDA for any Relevant Period except, in the case of such payments, to the extent funded from Retained Proceeds permitted to be retained and/or utilised for this purpose;
- (c) adding (to the extent not already taken account of in calculating Issuer EBITDA and to the extent not already applied for other purpose under any other paragraph of this definition of Issuer Cashflow) the amount of any Retained Proceeds received during that relevant period which are not required to be applied in mandatory prepayment of the Senior Facilities Agreement;
- (d) adding the amount of any cash receipts during that Relevant Period in respect of any Tax rebates or credits and deducting the amount actually paid or due and payable in respect of Taxes during that Relevant Period by the Issuer;
- (e) adding (to the extent not already taken into account in determining Issuer EBITDA) the amount of any dividends or other profit distributions received in cash by the Issuer during that Relevant Period from any entity which is itself not a member of the Group and deducting (to the extent not already deducted in determining Issuer EBITDA) the amount of any dividends paid by the Issuer in cash during the Relevant Period to minority shareholders in members of the Group; and

- (f) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non-cash credits (which are not Current Assets or Current Liabilities) in each case to the extent taken into account in establishing Issuer EBITDA,

and so that no amount shall be added (or deducted) more than once;

**"Issuer EBITDA"** means, in respect of any Relevant Period, the operating profit of Issuer before taxation (including the results from discontinued operations):

- (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by the Issuer in respect of that Relevant Period;
- (b) not including any accrued interest owing by the Issuer to any member of the Group;
- (c) after adding back any amount attributable to the amortisation or depreciation or impairment of assets of the Issuer and excluding (and so not taking into account) the amount of any negative goodwill credited to the income statement arising on the Acquisitions and/or any Permitted Acquisition (and taking no account of the reversal of any previous impairment charge made in that Relevant Period);
- (d) before taking into account any Exceptional Items;
- (e) before deducting any Acquisition Costs;
- (f) after deducting the amount of any profit (or adding back the amount of any loss) of Issuer which is attributable to minority interests;
- (g) plus the dividends or other permanent distribution of capital to Issuer from any other member of the Group to the extent not already included in operating profit;
- (h) before taking into account any unrealised gains or losses on any financial instrument including derivatives; and
- (i) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after 31 December 2017;

**"Issuer Grossed Up Borrowings"** means the Borrowings of the Issuer (on an unconsolidated basis, excluding any other member of the Group), divided by the Issuer Stake.

**"Issuer Net Finance Charges"** means, for any Relevant Period, the Finance Charges paid by the Issuer for that Relevant Period after deducting any interest payable by the Issuer in that Relevant Period to any member of the Group (other than by another member of the Group) on any Cash or Cash Equivalent Investment;

**"Issuer Stake"** means the percentage rate which is the algebraic result of the following calculation: number of shares in SAVE held by the Issuer divided by outstanding shares of the SAVE (net of treasury shares) on the last date of the Relevant Period;

**"Borrowings"** means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);

- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirements for de-recognition under the Accounting Principles);
- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument (but not, in any case, Trade Instruments) issued by a bank or financial institution in respect of: (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition; or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under the Accounting Principles;
- (h) any amount of any liability under an advance or deferred purchase agreement if: (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question; or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the due date;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles (but excluding the marked to market loss to any member of the Group under any Treasury Transactions unless such marked to market loss has crystallised and is unpaid); and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

"**Business Acquisition**" means the acquisition of a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company;

"**Consolidated EBITDA**" means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (including the results from discontinued operations):

- (a) **before deducting** any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period;
- (b) **not including** any accrued interest owing to any member of the Group;
- (c) **after adding back** any amount attributable to the amortisation or depreciation or impairment of assets of members of the Group and excluding (and so not taking into account) the amount of any negative goodwill credited to the income statement arising on the acquisition of SAVE by the Issuer and/or any Permitted Acquisition;
- (d) **excluding** (and so not taking into account) any provision related to the assets under concession replacement provision (*Fondo Rinnovo Beni in Concessione*) as reported in the Annual Financial Statements of the Issuer;
- (e) before taking into account any Exceptional Items;
- (f) **before deducting** any Transaction Costs;
- (g) **after deducting** the amount of any net profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;

- (h) **plus or minus** the Group's share of the profits or losses (after finance costs and tax) of Non-Group Entities;
- (i) **before taking into account** any unrealised gains or losses on any financial instrument (including derivatives instruments);
- (j) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset at any time after 31 December 2017;
- (k) before taking into account any Pension Items; and
- (l) **excluding** the charge to profit represented by the expensing of stock options;

"**Current Assets**" means the aggregate of all inventory, work in progress, trade and other receivables including prepayments in relation to operating items and sundry debtors (but excluding Cash and Cash Equivalent Investments) expected to be realised within twelve months from the date of computation but excluding amounts in respect of:

- (a) receivables in relation to Tax;
- (b) Exceptional Items and other non-operating items;
- (c) insurance claims; and
- (d) any interest owing to any member of the Group;

"**Current Liabilities**" means the aggregate of all liabilities (including trade creditors, accruals and provisions) expected to be settled within twelve months from the date of computation but excluding amounts in respect of:

- (a) liabilities for Borrowings and Finance Charges;
- (b) liabilities for Tax;
- (c) Exceptional Items and other non-operating items;
- (d) insurance claims; and
- (e) liabilities in relation to dividends declared but not paid by the Issuer or by a member of the Group in favour of a person which is not a member of the Group;

"**Debt Service**" means, in respect of any Relevant Period, the aggregate of:

- (a) Net Finance Charges for that Relevant Period;
- (b) the aggregate of all scheduled (by virtue of an agreed amortisation profile) repayments of Borrowings falling due for payment during that Relevant Period but excluding:
  - (i) for the avoidance of doubt, any mandatory prepayment made pursuant to Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*);
  - (ii) any such obligations owed to any member of the Group; and
  - (iii) any repayment of Permitted Financial Indebtedness to the extent of the amount repaid or refinanced with other Permitted Financial Indebtedness; and
- (c) the amount of the capital element of any payments in respect of that Relevant Period payable under any Finance Lease entered into by any member of the Group,

and so that no amount shall be included more than once;

**"Exceptional Items"** means any exceptional, one off, non-recurring or extraordinary items including:

- (a) those arising on the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) those arising on disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment;
- (c) those arising on disposals of assets associated with discontinued operations; and
- (d) any expense which is unusual, no-recurring, extraordinary or exceptional relating to any change in accounting principles and/or to any change in the accounting policies of the Group;

**"Excess Cashflow"** means, for any Relevant Period, Issuer Cashflow for that period less (except to the extent already deducted in calculating Issuer Cashflow):

- (a) Debt Service for that period;
- (b) the amount of any mandatory prepayments and/or voluntary prepayments made under the Transaction Documents, the Senior Facilities Agreement, the EIB Contract and any Permitted Refinancing Debt Documents during that period;
- (c) to the extent included in Issuer Cashflow, the amount of any new equity injection or shareholders loan received by the Issuer during that period;
- (d) the amount of any Permitted Payments permitted to be made from Issuer Cashflow but which have not been paid (and hence have not been already deducted from Issuer Cashflow); and
- (e) EURO 1,000,000.

**"Finance Charges"** means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings paid by the relevant entity in cash in respect of that Relevant Period:

- (a) excluding any agency, arrangement or other upfront fees;
- (b) including the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) the relevant entity under any interest rate hedging arrangement (but excluding any one-off or upfront costs relating to the implementation of the hedging strategy);
- (d) excluding any Transaction Costs;
- (e) excluding any interest cost or expected return on plan assets in relation to any post-employment benefit schemes;
- (f) excluding any such interest or charges on Permitted Financial Indebtedness; which is subordinated in accordance with the Intercreditor Agreement or otherwise on terms satisfactory to Bondholders pursuant to an Extraordinary Resolution;
- (g) taking no account of any unrealised gains or losses on any financial derivative instruments; and
- (h) excluding any such interest to another member of the Group or in relation to shareholder loans,

and so that no amount shall be added (or deducted) more than once.

"**Finance Lease**" means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with the Accounting Principles in force prior to 1 January 2019 have been treated as an operating lease);

"**Financial Half Year**" means the period commencing on the day after one Semester Date and ending on the next Semester Date;

"**Financial Year**" means the annual accounting period of the Group ending on or about 31st of December in each year;

"**Interest Cover**" means the ratio of Adjusted Consolidated EBITDA to Net Finance Charges in respect of any Relevant Period;

"**Leverage**" means the ratio of Adjusted Total Net Debt to Adjusted Consolidated EBITDA in respect of any Relevant Period;

"**Net Finance Charges**" means, for any Relevant Period, the Finance Charges for that Relevant Period after deducting any interest payable in that Relevant Period to any member of the Group (other than by another member of the Group) on any Cash or Cash Equivalent Investment;

"**Non-Group Entity**" means any investment or entity (including any associate and Joint Venture) which is not itself a member of the Group and in which any member of the Group has an ownership interest;

"**Parent Debt**" means any indebtedness of any member of the Group owed to any direct or indirect shareholders of Issuer;

"**Pension Items**" means any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme;

"**Permitted Payments**" means

- (a) parent companies' expenses (including taxes, insurance premiums, professional fees, maintaining corporate existence, administration and similar expenses), subject to an annual cap of euro 500,000; and
- (b) directors' fees for the Issuer's parent companies or any intermediate holding companies, subject to an annual cap of euro 500,000;

"**Relevant Period**" means, for the purpose of calculation of the Leverage and the Interest Cover, each period of twelve months, ending on or about the last day of the Financial Year and each period of twelve months ending on or about the last day of each Financial Half Year;

"**Retained Proceeds**" means acquisition proceeds or disposal proceeds in each case permitted to be retained or reinvested by the Group pursuant to the mandatory prepayment provisions set out in the Senior Facilities Agreement;

"**Semester Date**" means each of 30 June and 31 December; and

"**Working Capital**" means, on any date, Current Assets less Current Liabilities.

## 5.2 **Financial condition**

The Issuer shall ensure that:

- (a) **Interest Cover:** Interest Cover in respect of any Relevant Period ending on each applicable Semester Date starting from and including 31 December 2018 shall not be less than 2.00:1.00.

- (b) **Leverage:** Leverage in respect of any Relevant Period ending on each applicable Semester Date specified in column 1 below shall not be higher than the ratio set out in column 2 below opposite to that Semester Date:

<b>Column 1</b>	<b>Column 2</b>
<b>Semester Date</b>	<b>Ratio</b>
30 June 2019	9.0:1.00
31 December 2019	9.0:1.00
30 June 2020	9.0:1.00
31 December 2020	9.0:1.00
30 June 2021	9.0:1.00
31 December 2021	9.0:1.00
30 June 2022	8.5:1.00
31 December 2022	8.5:1.00
30 June 2023	8.5:1.00
31 December 2023	8.5:1.00
30 June 2024	8.5:1.00
31 December 2024	8.5:1.00
30 June 2025	8.5:1.00
31 December 2025	8.5:1.00
30 June 2026	8.5:1.00

### 5.3 Financial testing

The financial covenants set out in Condition 5.2 (*Financial condition*) shall be calculated in accordance with the Accounting Principles and tested by reference to each of the financial statements delivered pursuant to paragraphs (a) and (b) of Condition 6.1 (*Financial statements*) and/or each Compliance Certificate delivered pursuant to Condition 6.2 (*Provision and contents of Compliance Certificate*).

### 5.4 Equity Cure

- (a) If the Issuer is in breach of any of the financial covenants in Condition 5.2 (*Financial condition*) for any Relevant Period or the Issuer determines, for any Relevant Period (if the Compliance Certificate for that period has not been delivered) that there would be or is likely to be a breach of any of the financial covenants in Condition 5.2 (*Financial condition*) for any Relevant Period, the Issuer may, subject to this Clause, not later than 30 (thirty) Business Days after the date on which the relevant Compliance Certificate evidencing the breach is received (or the date on which the Issuer has made the determination referred to above), receive an amount of New Equity or Subordinated Debt required to remedy such breaches (actual or anticipated) in accordance with the provisions of this Clause (each, a "**Cure Amount**"). For the purposes of this Clause, the term "**Cure Amount**" includes any New Equity or Subordinated Debt which is applied towards a Debt Purchase Transaction pursuant to the Senior Facilities Agreement in circumstances where, but for that Debt Purchase Transaction, the Issuer would have failed to meet the requirements of any covenant under this Condition 5 (*Financial Covenants*).
- (b) Subject to clauses 13.1 (*Proceeds before Enforcement Action*) and 13.2 (*Adjustment Mandatory Prepayment and Voluntary Prepayments*) of the Intercreditor Agreement and paragraph (c) below, the Issuer shall ensure that the Cure Amount is applied towards redemption of the Bonds pursuant to Condition 10(g) (*Mandatory Early Redemption upon the receipt of a Cure Amount*) in accordance with the Intercreditor Agreement immediately after its injection in the Group,

**provided that**, for the purposes of this Condition, such portion of the Bond Cure Amount shall be deemed to have been applied in redemption of the Bonds at the beginning of the Relevant Period.

- (c) The effect of the Cure Amount shall:
  - (i) in respect of the Interest Cover, increase Adjusted Consolidated EBITDA as at the end of that Relevant Period; and
  - (ii) in respect of the Leverage, reduce Total Net Debt as at the end of that Relevant Period.
- (d) If the re-testing of the financial covenants after giving effect to paragraph (a) above demonstrates no breach has occurred in respect of the Relevant Period, then the relevant breach shall be deemed to have been remedied or not occurred, as appropriate.
- (e) Any Cure Amount so provided in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last day of such Relevant Period and shall be included and deemed to be applied in accordance with this Clause on the last day of the Relevant Period for which the Cure Amount was provided and for no other Relevant Period.
- (f) A Cure Amount may be provided up to 3 (three) times over the life of the Bonds and may not be provided in two consecutive Financial Half Years except once over the life of the Bonds.
- (g) Promptly after having made an election under paragraph (a) above, the Issuer shall deliver to the Trustee a new Compliance Certificate (recalculated on a *pro forma* basis to take into account the Cure Amount and attaching the relevant calculations) attesting compliance with Condition 5.2 (*Financial condition*) on the most recent testing date.

## 6. Information Covenants

Save as specified below, the covenants in this Condition 6 remain in force from the Issue Date for so long as any amount is outstanding under the Bonds.

### 6.1 Financial statements

Starting from the Financial Half Year ending on 31 December 2018, the Issuer shall publish on its website and shall instruct the Principal Paying Agent to notify the Bondholders that the following are available for inspection at the Issuer's website, as soon as they are available:

- (a) but in any event within 180 days after the end of each of its Financial Years, its audited consolidated financial statements for that Financial Year; and
- (b) but in any event within 90 days after the end of each Financial Half Year its consolidated financial statements for that Financial Half Year.

### 6.2 Provision and contents of Compliance Certificate

For so long as any Bonds or Coupons remain outstanding, the Issuer will deliver the Compliance Certificate to the Trustee and the Bondholders in accordance with Condition 19 (*Notices*) on request and, additionally, with each set of its Annual Financial Statements and each set of its Semi-Annual Financial Statements certifying:

- (a) its compliance with Condition 5 (*Financial Covenants*) since the date of the previous Compliance Certificate, or in the case of the first Compliance Certificate since the Issue Date, and
- (b) that as at the Certified Date (as defined in the Trust Deed) the Issuer has complied with its obligations under the Trust Deed and the other Transaction Documents and that as at such date there did not exist nor had there existed since the Certified Date of the last Compliance

Certificate, or in the case of the first Compliance Certificate since the Issue Date, any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Change of Control,

or if such an event has occurred or if the Issuer is not in compliance, specifying such event or the nature of such non-compliance.

At the time of publication of each of the Annual Financial Statements and the Semi-Annual Financial Statements, the Issuer shall send to the Trustee and the Bondholders a notice including a statement by a director of the Issuer stating that such financial statements have been prepared using the same accounting principles used to prepare the immediately preceding Annual Financial Statements and the Semi-Annual Financial Statements unless, in relation to any set of Annual Financial Statements or Semi-Annual Financial Statements, the Issuer notifies the Trustee and the Bondholders in accordance with Condition 6.36.3(b)6.3(b)(i).

The Trustee has no duty to monitor compliance by the Issuer with the covenants set out in Condition 4 (*Secured Property and Negative Pledge*), Condition 5 (*Financial Covenants*), Condition 6 (*Information Covenants*) and Condition 7 (*General Covenants*) or the Trust Deed and shall rely without liability to any person and without further enquiry on the Compliance Certificates as to the Issuer's and its Subsidiaries' compliance or non-compliance as aforementioned.

### 6.3 Requirements as to financial statements

- (a) The Issuer shall procure that each set of Annual Financial Statements and Semi-Annual Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Issuer shall procure that each set of its Annual Financial Statements is audited by the Issuer's Auditors;
- (b) Each set of financial statements delivered pursuant to Condition 6.1 (*Financial statements*) shall be:
  - (i) certified by a director of the Issuer as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the Issuer by the auditors of those Annual Financial Statements and accompanying those Annual Financial Statements; and
  - (ii) prepared using the Accounting Principles, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements, unless, in relation to any set of financial statements, the Issuer notifies the Trustee that there has been a change in the Accounting Principles or the accounting practices and the Issuer's Auditors deliver to the Trustee:
    - (A) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which the Original Financial Statements were prepared; and
    - (B) sufficient information, in form and substance to enable the Bondholders to determine whether Condition 5 (*Financial Covenants*) has been complied with, to determine the Margin as set out in the definition of "Margin" and to make an accurate comparison between the financial position indicated in those financial statements or the Original Financial Statements.

Any reference in these Conditions to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

#### 6.4 **Year-end**

The Issuer shall not change its Accounting Reference Date, unless such change is required by applicable law.

#### 6.5 **Information: miscellaneous**

The Issuer shall supply to the Trustee and the Bondholders:

- (a) to the extent disclosure of such information is not prohibited by applicable legislation (including securities law relating to insider dealing and market abuse), such information as the Trustee may reasonably require about the Charged Property and compliance of the Issuer with the terms of any Transaction Security Documents;
- (b) to the extent disclosure of such information is not prohibited by applicable legislation (including securities law relating to insider dealing and market abuse), any reports received from the Rating Agency selected to provide the rating of the Issuer and, upon becoming aware of them, any changes in such rating.

#### 6.6 **Notification of default**

- (a) The Issuer shall notify the Trustee of any Potential Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Trustee, the Issuer shall supply to the Trustee a certificate signed by two Authorised Signatories on its behalf certifying that no Event of Default is continuing (or if an Event of Default is continuing, specifying the Event of Default and the steps, if any, being taken to remedy it).

#### 6.7 **Compliance with applicable law and regulation**

Notwithstanding any other provision of these Conditions, any inside information required to be published or made available to the public in relation to the Bonds pursuant to any applicable law or regulation (including MAR) which shall be published or made available in compliance with such applicable law or regulation;

### 7. **General Covenants**

Save as specified below, the covenants in this Condition 7 remain in force from the Issue Date for so long as any amount is outstanding under the Bonds.

#### *Authorisations and compliance with laws*

##### 7.1 **Authorisations**

The Issuer shall (and shall ensure that each member of the Group) promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) if so requested by the Trustee, supply a copy to the Trustee of:

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Transaction Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document, subject to any applicable Legal Reservation and Perfection Requirement; and

- (iii) carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

## 7.2 **Compliance with laws**

The Issuer shall (and shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

## 7.3 **Environmental compliance**

The Issuer shall (and shall ensure that each member of the Group will):

- (i) comply with all Environmental Law;
- (ii) obtain, maintain and ensure compliance with all requisite Environmental Permits;
- (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

## 7.4 **Environmental claims**

The Issuer shall, promptly upon becoming aware of the same, notify the Bondholders and the Trustee in accordance with Condition 19 (*Notices*) of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened in writing; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened in writing against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

## 7.5 **Anti-corruption law**

- (a) The Issuer shall not (and shall ensure that no other member of the Group will) directly or indirectly use the proceeds of the Bonds for any purpose which would breach any applicable anti-money laundering law or regulations.
- (b) The Issuer shall (and shall ensure that each other member of the Group will):
  - (i) conduct its businesses in compliance with applicable anti-corruption laws; and
  - (ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

## 7.6 **Taxation**

- (a) The Issuer shall (and shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring material penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith;

- (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements published under Condition 6.1 (*Financial statements*); and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) The Issuer shall not (and shall ensure no member of the Group will) change its residence for Tax purposes.

***Restrictions on business focus***

**7.7 Merger**

The Issuer shall not (and shall ensure that no other member of the Group will) enter into any amalgamation, merger or consolidation other than:

- (i) a Permitted Transaction; or
- (ii) mergers of Subsidiaries (other than Material Subsidiaries) of SAVE.

**7.8 Change of business**

The Issuer shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole from that carried on by the Group at the Issue Date.

**7.9 Acquisitions**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group, will):
- (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
  - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is a:
- (i) Permitted Acquisition; or
  - (ii) Permitted Transaction.

**7.10 Joint ventures**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group will):
- (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture if such

transaction is a Permitted Acquisition, a Permitted Disposal or a Permitted Loan or a Permitted Joint Venture.

#### 7.11 **Holding Companies**

The Issuer shall not (unless it is merged with SAVE in accordance with the Conditions) trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the provision of administrative services (including for the avoidance of doubt treasury services) to other members of the Group of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries and in other companies which may be acquired pursuant to the definition of "Permitted Acquisition" or "Permitted Joint Ventures", intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, cash and Cash Equivalent Investments but only if those shares, credit balances, cash and Cash Equivalent Investments are subject to the Transaction Security; or
- (c) any liabilities under the Transaction Documents, the Senior Facilities Agreement Documents and any Permitted Refinancing Debt Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company.

#### ***Restrictions on dealing with assets and Security***

#### 7.12 **Preservation of assets**

The Issuer shall (and shall ensure that each other member of the Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business, where and to the extent failure to do so would determine a Material Adverse Effect.

#### 7.13 ***Pari passu ranking***

The Issuer shall ensure that at all times any unsecured and unsubordinated claims of the Bondholders against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

#### 7.14 **Disposals**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group, will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, transfer or otherwise dispose of any asset (including, without limitation, in the context or as a result of a demerger).
- (b) Paragraph (a) above does not apply to any sale, transfer or other disposal which is a:
  - (i) Permitted Disposal; or
  - (ii) Permitted Transaction.

#### 7.15 **Arm's length basis**

- (a) Except as permitted by paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group will) enter into any transaction with any person except on arm's length terms and for full market value.
- (b) The following transactions shall not be a breach of this Condition 7.15:
  - (i) intra-Group loans permitted under Condition 7.16 (*Loans or credit*);

- (ii) fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by any Paying Agent and/or the Trustee;
- (iii) any Permitted Transaction; and
- (iv) any Liabilities Acquisition which is permitted by, and as defined in, the Intercreditor Agreement.

***Restrictions on movement of cash - cash out***

**7.16 Loans or credit**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to a:
  - (i) Permitted Loan; or
  - (ii) Permitted Transaction.

**7.17 No Guarantees or indemnities**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is a:
  - (i) Permitted Guarantee; or
  - (ii) Permitted Transaction.

**7.18 Dividends, share redemption and other distributions**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and will ensure that no other member of the Group, will):
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) to the Issuer's shareholders;
  - (ii) repay or distribute to the shareholders of the Issuer any dividend or share premium reserve;
  - (iii) pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Issuer;
  - (iv) redeem, repurchase, defease, retire or repay any of the share capital of the Issuer or resolve to do so;
  - (v) repay principal amounts, pay interest amounts, fees, costs or other amounts due to the shareholders of the Issuer under any intercompany loans;
  - (vi) make any loan to any of the shareholders of the Issuer; or
  - (vii) make any payment to or to the order of any of the shareholders of the Issuer or their Affiliates,

(each a "**Distribution**" and, together, the "**Distributions**").

- (b) Paragraph (a) above does not apply to a:
- (i) Permitted Distribution, subject to the provisions of paragraph (c) below; or
  - (ii) Permitted Transaction (other than one referred to in paragraph (c) of the definition of that term).
- (c) Payments by the Issuer or other members of the Group in reliance on Permitted Distributions are subject to the following conditions being satisfied:
- (i) there is no Event of Default and none will result from the making of the payment;
  - (ii) the Issuer has delivered to the Bondholders and the Trustee a Compliance Certificate signed by two Authorised Signatories confirming that (after taking into account the proposed payment on a *pro forma* basis as though it had been made on the last day of the Relevant Period ending on that date):
    - (A) Interest Cover in respect of any Relevant Period ending on each applicable Semester Date starting from and including 31 December 2018 was not less than 2.50 :1.00; and
    - (B) Leverage in respect of any Relevant Period ending on each applicable Semester Date specified in column 1 below shall not be higher than the ratio set out in column 2 below opposite to that Semester Date:

<b>Column 1</b>	<b>Column 2</b>
<b>Semester Date</b>	<b>Ratio</b>
30 June 2019	8.0:1.00
31 December 2019	8.0:1.00
30 June 2020	8.0:1.00
31 December 2020	8.0:1.00
30 June 2021	8.0:1.00
31 December 2021	8.0:1.00
30 June 2022	7.5:1.00
31 December 2022	7.5:1.00
30 June 2023	7.5:1.00
31 December 2023	7.5:1.00
30 June 2024	7.5:1.00
31 December 2024	7.5:1.00
30 June 2025	7.5:1.00
31 December 2025	7.5:1.00
30 June 2026	7.5:1.00

- (iii) any such distributions are made within 60 days from the date of delivery of the relevant Compliance Certificate; and
- (iv) in case a notice of termination, withdrawal or revocation of the Concession Agreement has been received by SAVE, the event triggering the relevant notice has otherwise

ceased or been remedied or cured or the grantor has renounced or retired the relevant notice.

- (d) For the avoidance of doubt, no restriction under this Condition 7.18 (*Dividends, share redemptions and distributions*) will apply in respect of any distribution or other payment between any member of the Group.

#### ***Restrictions on movement of cash - cash in***

##### **7.19 Financial Indebtedness**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not (and shall ensure that no other member of the Group, will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
  - (i) Permitted Financial Indebtedness; or
  - (ii) a Permitted Transaction.

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

- (a) The Issuer shall not (and shall ensure that no other member of the Group will) issue any shares except pursuant to a:
  - (i) Permitted Share Issue; or
  - (ii) Permitted Transaction.
- (b) The Issuer shall ensure that SAVE shall not sell or dispose of the shares it owns in itself unless the sale or disposal is permitted by these Conditions and prior to the sale or disposal the shares are either secured to the Secured Parties in form and substance satisfactory to the Trustee or evidence is **provided that** such security will be (and is) granted and perfected immediately after the sale or disposal.

#### ***Miscellaneous***

##### **7.21 Insurance**

- (a) The Issuer shall (and shall ensure that each other member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

##### **7.22 Amendments**

- (a) The Issuer shall not (and shall ensure that no other member of the Group will) amend, vary, novate, supplement, supersede, waive or terminate any term of:
  - (i) a Transaction Document, save for minor or technical amendments which do not adversely affect the interests of the Bondholders; or
  - (ii) any other document delivered to the Trustee pursuant to the Trust Deed; or
  - (iii) the agreed distribution policy of any member of the Group provided to the Trustee prior to the Issue Date; or

- (iv) its bylaws where such amendments might adversely affect the interest of the Bondholders (except for any amendment required by applicable law or regulation); or
- (v) SAVE's bylaws other than substantially as per the draft new bylaws provided to the Trustee prior to the Issue Date and/or where such amendments might adversely affect the interest of the Bondholders (except for any amendment required by applicable law or regulation),

except in writing:

- (A) in accordance with Condition 16(d) (*Modification, Waiver, Authorisation and Determination*); or
  - (B) to the extent that that amendment, variation, novation, supplement, superseding, waiver or termination is permitted by the Intercreditor Agreement; or
  - (C) approved by an Extraordinary Resolution.
- (b) The Issuer shall promptly supply to the Bondholders and the Trustee a copy of any document relating to any of the matters referred to in paragraphs (i) to (iv) above.

#### 7.23 Treasury Transactions

The Issuer shall not enter into any Treasury Transaction, other than:

- (a) the hedging transactions documented by the Hedging Agreements or otherwise entered into in accordance with the Hedging Letter and/or the Intercreditor Agreement;
- (b) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and
- (c) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group and not for speculative purposes.

#### 7.24 Further assurance

- (a) Subject to the Agreed Security Principles, the Issuer shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents or for the exercise of any rights, powers and remedies of the Security Agent or the Bondholders provided by or pursuant to the Transaction Documents or by law; and/or
  - (ii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) The Issuer shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Bondholders by or pursuant to the Transaction Documents.
- (c) Promptly, and in any case no later than 30 days after the date of execution of any Hedging Agreement or any other hedging arrangements in accordance with the Hedging Letter, the Issuer shall enter into a deed of assignment of receivables by way of in relation to any receivables of

the Issuer under that Hedging Agreement or hedging arrangement (in form and substance satisfactory to the Security Agent).

#### 7.25 **Segregation of Assets or Revenue**

The Issuer shall not (and shall procure that no other member of the Group) segregate assets or revenues pursuant to Article 2447-bis (*Patrimoni destinati ad uno specifico affare*) of the Italian Civil Code, letter (a) and (b), without the prior written consent of the Trustee (acting on the instructions of the Bondholders pursuant to an Extraordinary Resolution).

#### 7.26 **Sanctions**

- (a) The Issuer shall (and shall cause that each member of the Group, will):
  - (i) not violate Sanctions;
  - (ii) comply with applicable laws and regulations relating to Sanctions or with any applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction; and
  - (iii) to the extent permitted by law promptly upon becoming aware of them supply to the Bondholders with a copy to the Trustee details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.
- (b) The Issuer shall (and shall cause that each member of the Group, will) not use any revenue or benefit derived from any activity or dealing that is in breach of Sanctions (whether or not legally applicable to the Issuer) or with a Sanctioned Person or from/to a Sanctioned Country in discharging any obligation due or owing to the Bondholders.
- (c) The proceeds of Notes shall not be used, lent, contributed or transferred by the Issuer, either directly or indirectly through the Issuer or any Subsidiary of the Issuer or otherwise made available:
  - (i) to any Sanctioned Person or to a Sanctioned Country;
  - (ii) to fund activities or business of or with any person, or in any territory or country that, at the time of such funding, is a Sanctioned Person or a Sanctioned Country; or
  - (iii) in any other manner that constitutes a violation of Sanctions by any Person (whether or not legally applicable to the Issuer).
- (d) This Condition shall not apply to any person if and to the extent that it is or would be unenforceable by or in respect of that person by reason of breach of: (i) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or (ii) section 7 foreign trade rules (AWV) (*Außenwirtschaftsverordnung*) (in connection with section 4 paragraph 1 no. 3 foreign trade law (AWG) (*Außenwirtschaftsgesetz*)).

### 8. **Representations and Warranties**

The Issuer (for itself and where so stated on behalf of each other member of the Group) makes the representations and warranties set out in this Condition 8 to the Bondholders and the Trustee as follows:

#### 8.1 **General**

The representations and warranties set out in this Condition 8 are made to the Bondholders and the Trustee on the dates set out in Condition 8.25 (*Times when representations made*) by the Issuer in respect of:

- (i) itself; and
- (ii) (where applicable) any member of the Group.

## 8.2 **Status**

- (a) It is a joint stock company, duly incorporated and validly existing under the law of its Original Jurisdiction.
- (b) Each member of the Group, is a limited liability corporation or a joint stock company, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (c) It and each member of the Group, have the power to own their respective assets and carry on their respective business as it is being conducted.

## 8.3 **Binding obligations**

Subject to the Legal Reservations:

- (a) the obligations expressed to be assumed by it or any member of the Group in each Transaction Document to which it or each of those Subsidiaries is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it or any member of the Group is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective, subject to any Perfection Requirements.

## 8.4 **Non-conflict with other obligations**

The entry into and performance by it and any member of the Group, of, and the transactions contemplated by, the Transaction Documents and the granting of the Transaction Security pursuant to the Agreed Security Principles do not conflict with:

- (a) any law or regulation applicable to it or any such member of the Group;
- (b) the constitutional documents of any member of the Group; or
- (c) any agreement or instrument binding upon it or any member of the Group or any of its or any member of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument, to the extent reasonably likely to result in a Material Adverse Effect.

## 8.5 **Power and authority**

- (a) It has the power to enter into, perform and deliver, and have taken all necessary action to authorise their respective entry into, performance and delivery of, the Transaction Documents and the transactions contemplated by those Transaction Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents.

## 8.6 **Validity and admissibility in evidence**

- (a) Subject to the Legal Reservations, all Authorisations required or desirable:
  - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents; and

- (ii) to make the Transaction Documents admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

- (b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the Group have been obtained or effected and are in full force and effect if failure to obtain or effect those Authorisations has or is reasonably likely to have a Material Adverse Effect.

#### 8.7 **Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of governing law of the Transaction Documents will be recognised and enforced in its Relevant Jurisdiction; and
- (b) any judgment obtained in relation to a Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdiction.

#### 8.8 **Insolvency**

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Condition 13(g) (*Insolvency proceedings*); or
- (b) creditors' process described in Condition 13(h) (*Creditors' process*),

has been taken or, to the knowledge of the Issuer, threatened in writing in relation to it, SAVE or any of its Material Subsidiaries; none of the circumstances described in Condition 13(f) (*Insolvency*) applies to it, SAVE or any of its Material Subsidiaries; and none of the circumstances set out in either: (i) article 2447; or (ii) article 2482-ter of the Italian Civil Code have arisen in respect of it, SAVE or any of its Material Subsidiaries incorporated in Italy.

#### 8.9 **No filing or stamp taxes**

Subject to Perfection Requirements, under the laws of Italy it is not necessary that the Transaction Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Transaction Documents or the transactions contemplated by the Transaction Documents except any:

- (a) filing, recording or enrolling or any notarial or similar Tax or fee payable in relation to the Transaction Security, which will be made in accordance with the relevant Transaction Security Document; and
- (b) stamp tax or registration tax which may become payable if a Transaction Document needs to be filed or registered in connection with court proceedings.

#### 8.10 **No default**

- (a) No Event of Default and, on the Issuer Date, no Potential Event of Default is continuing or is reasonably likely to result from the issue of the Bonds or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any member of the Group or to which its

assets (or the assets of any such member of the Group) are subject which has or is reasonably likely to have a Material Adverse Effect.

#### 8.11 **Financial Statements**

- (a) (When made on the Issue Date) its Original Financial Statements and (when repeated at all other times pursuant to Condition 8.26) the financial statements most recently delivered pursuant to Condition 6.1 (*Financial Statements*) (as applicable) were prepared in accordance with the Accounting Principles as applicable at the date of such financial statements; and give a true and fair view of (if audited) or (if unaudited) fairly represent the consolidated financial condition (subject to normal year end adjustments) as at the end of, and consolidated results of operations for, the period to which they relate.
- (b) Since the date of the most recent financial statements delivered pursuant to Condition 6.1 (*Financial statements*) there has been no material adverse change in the assets, business or financial condition of the Group.

#### 8.12 **No proceedings**

Save as disclosed in the Issuer's Annual Financial Statements as at 31 December 2017 and in this Admission Document published for the listing of the Bonds on the Issuer's website ([www.milionespa.it](http://www.milionespa.it)):

- (a) no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, regulatory body or agency which are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened in writing against it or any member of the Group.
- (b) no judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any member of the Group.

#### 8.13 **No breach of laws**

- (a) It has not (and no member of the Group has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened in writing against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

#### 8.14 **Environmental laws**

- (a) Each member of the Group is in compliance with Condition 7.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened in writing against any member of the Group that has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

#### 8.15 **Taxation**

- (a) It is not (and no member of the Group is) materially overdue in the filing of any Tax returns and it is not (and no member of the Group is) overdue in the payment of any amount in respect of Tax of euro 1,000,000 (or its equivalent in any other currency) or more.

- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of member of the Group) with respect to Taxes such that a liability of, or claim against, any member of the Group of euro 1,000,000 (or its equivalent in any other currency) or more is reasonably likely to arise.
- (c) It is resident for Tax purposes only in its Original Jurisdiction.

#### 8.16 **Anti-bribery, anti-corruption and anti-money laundering**

The Issuer and each of its Subsidiaries, directors or officers, and, to the best knowledge of the Issuer, any Affiliate or employee of it, has conducted its businesses in compliance with applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

#### 8.17 **Security and Financial Indebtedness**

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted by these Conditions.
- (b) No member of the Group has any Financial Indebtedness outstanding other than as permitted by these Conditions.

#### 8.18 **Ranking**

Subject to the Legal Reservations, the Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking or *pari passu* ranking Security.

#### 8.19 **Good title to assets**

It and each member of the Group has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted, except, in any case, to the extent failure to have such title or valid leases or licenses of, and all appropriate Authorisations, would not be reasonably likely to result in a Material Adverse Effect.

#### 8.20 **Legal and beneficial ownership**

It and each member of the Group is the sole legal and beneficial owner of the respective assets over which it purports to grant Security.

#### 8.21 **Group Structure Chart**

The Group Structure Chart shows all members of the Group and contains a description of corporate structure of the Group which is true, accurate and complete in all material respects.

#### 8.22 **Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its Original Jurisdiction and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

#### 8.23 **Sanctions**

- (a) Neither it nor any member of the Group, directors or officers nor, to its best knowledge and belief (having made due and careful inquiry), any of its agents or employees or those of any member of the Group:
  - (i) is currently a Sanctioned Person or acts on behalf of a Sanctioned Person;

- (ii) has violated any Sanctions; or
  - (iii) is incorporated, located or resident in a Sanctioned Country.
- (b) This Condition shall not apply to any persons if and to the extent that it is or would be unenforceable by or in respect of that person by reason of breach of: (i) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or (ii) section 7 foreign trade rules (AWV) (*Außenwirtschaftsverordnung*) (in connection with section 4 paragraph 1 no. 3 foreign trade law (AWG) (*Außenwirtschaftsgesetz*)).

#### 8.24 **Concession Agreement**

- (a) SAVE is in compliance with all terms of the Concession Agreement, if failure to so comply would have or be reasonably likely to have a Material Adverse Effect.
- (b) The Concession Agreement is in full force and effect.

#### 8.25 **Inside Information**

There is no information relating to the Issuer which the Issuer is required or obliged to publish or make available to the public (including under applicable listing requirements), whether to correct a misleading impression or otherwise to avoid behaviour which would constitute market abuse pursuant to MAR which has not been published nor is the Issuer aware of any non-public fact or circumstance required to be made public according to any applicable law or regulation (including MAR) which, if made public, would be likely to have a significant effect on the market price of the Bonds.

#### 8.26 **Times when representations made**

- (a) All the representations and warranties in this Condition 8 are made by the Issuer on the Issue Date.
- (b)
  - (i) Subject to paragraph (ii) below, the Repeating Representations are deemed to be made by the Issuer on the first day of each Interest Period.
  - (ii) The Repeating Representations contained in paragraphs (a) to (c) of Condition 8.11 (*Financial Statements*) will cease to be deemed to be made by the Issuer once subsequent financial statements have been delivered pursuant to these Conditions.
- (c) Each representation or warranty deemed to be made after the Issue Date is deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

### 9. **Interest**

- (a) The Bonds bear interest from and including the Issue Date at the rate of 2.47 per cent. per annum (the "**Original Rate of Interest**"), payable semi-annually in arrear on 20 June and 20 December in each year, commencing on 20 June 2019 (each an "**Interest Payment Date**"), **provided that** the rate of interest payable on the Bonds will be subject to adjustment in the event of a Step-Up Interest Event or a Step-Down Interest Event as follows:
  - (i) from and including the first day of the Interest Period following the date of a Step-Up Interest Event Notice, the rate of interest payable on the Bonds shall be the Original Rate of Interest plus 0.5 per cent. per annum, being 2.97 per cent. per annum (the "**Increased Rate of Interest**");

- (ii) from and including the first day of the Interest Period following the date of a Step-Down Interest Event Notice, the rate of interest payable on the Bonds shall be the Original Rate of Interest;
  - (iii) for the purposes of this Condition, a "**Step-Up Interest Event**" will be deemed to occur if the Issuer loses its Investment Grade Rating at any time; and a "**Step-Down Interest Event**" will be deemed to have occurred if, following a Step-Up Interest Event, the Issuer re-gains its Investment Grade Rating;
  - (iv) the Issuer will cause the occurrence of a Step-Up Interest Event and/or a Step-Down Interest Event to be notified to the Principal Paying Agent and the Trustee and notice thereof to be given in accordance with Condition 19 (*Notices*) as soon as possible after the occurrence of the Step-Up Interest Event or the Step-Down Interest Event, as the case may be, but in no event later than the second Business Day thereafter provided that in the event of a Step-Up Interest Event Notice or, as the case may be, a Step-Down Interest Event Notice sent later than the second Business Day prior to the start of any Interest Period (the "**Relevant Interest Period**"), the change in the rate of interest payable on the Bonds pursuant to (i) or (ii), as the case may be, above shall apply in the Interest Period following such Relevant Interest Period;
  - (v) for the purposes of this Condition, a "**Step-Up Interest Event Notice**" means a notice pursuant to (iv) above notifying the occurrence of a Step-Up Interest Event; and a "**Step-Down Interest Event Notice**" means a notice pursuant to (iv) above notifying the occurrence of a Step-Up Interest Event;
  - (vi) there is no limit on the number of times that adjustments to the rate of interest payable on the Bonds may be made pursuant to this Condition 9 during the term of the Bonds, provided always that at no time during the term of the Bonds will the rate of interest payable on the Bonds be less than the Original Rate of Interest or more than the Increased Rate of Interest.
- (b) Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
  - (c) Where interest is to be calculated in respect of a period which is equal to or shorter than the Regular Period (as defined below) during which it falls, the day-count fraction used will be the actual number of days in the relevant period, divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods normally ending in any year (Actual/Actual ICMA Following Unadjusted Convention).
  - (d) Where interest is to be calculated in respect of a period which is longer than an Interest Period (as defined below), the day-count fraction used will be the sum of: (x) the actual number of days in the relevant period falling in the Regular Period in which it begins divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods normally ending in any year; and (y) the actual number of days in the relevant period falling in the next Regular Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods normally ending in any year (Actual/Actual ICMA Following Unadjusted Convention).
  - (e) In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**" or "**Regular Period**".

- (f) Interest in respect of any Bond shall be calculated per €100,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Original Rate of Interest or the Increased Rate of Interest (as applicable), the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 10. **Redemption and Purchase**

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount outstanding on 20 December 2026 (the "**Maturity Date**"), subject as provided in Condition 9 (*Payments*). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 10.
- (b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption pursuant to this Condition 10(b)), if: (i) the Issuer: (A) has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 December 2018; or (B) on or after 18 December 2018, is no longer entitled to deduct, in whole or in part, any interest payable in respect of the Bonds against corporate income taxes (IRES) payable by it (except for the general limits set out under article 96 of Presidential Decree of 22 December 1986, No. 917, as applicable on the Issue Date); and (ii) the above circumstances cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would either: (x) be obliged to pay such additional amounts were a payment in respect of the Bonds then due; or (y) be no longer entitled to deduct, in whole or in part, any interest payable in respect of the Bonds against corporate income taxes as referred to in (i)(B) above. Prior to the publication of any notice of redemption pursuant to this Condition 10(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer and a legal opinion of legal counsel experienced in such matters stating that the circumstances referred to in (i) and (ii) above have arisen and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee is entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

In these Conditions, the "**Relevant Taxing Jurisdiction**" means:

- (i) the Republic of Italy or any political subdivision or any agency or authority thereof or therein having power to tax; or
- (ii) any other jurisdiction or any political subdivision or any agency or authority thereof or therein having power to tax to which the Issuer may become subject in respect of payments of principal and interest on the Bonds and Coupons.
- (c) **Redemption at the option of the Issuer:** The Issuer may, on giving not more than 60 nor less than 30 days' irrevocable notice to the Bondholders, in accordance with Condition 19 (*Notices*), redeem all, but not some only, of the Bonds at the Make Whole Amount, at any time (the "**Optional Redemption Date**"), together with interest accrued to the Optional Redemption Date.

For the purpose of this Condition 10:

"**Make Whole Amount**" means a redemption price per Bond, as determined by the Reference Dealers (as defined below), equal to the higher of: (A) the nominal amount of the Bond then outstanding; and (B) the sum of: (i) the nominal amount of the Bond then outstanding; and (ii) the scheduled payments of interest on the Bond up to and including 20 December 2026 (not including any interest accrued on the Bond to, but excluding, the Optional Redemption Date or

the Mandatory Redemption Date, as the case may be) discounted to the Optional Redemption Date or the Mandatory Redemption Date, as the case may be on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Dealer Rate (as defined below);

**"Reference Dealer Rate"** means, with respect to the Reference Dealers and the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, the average of the mid-market annual swap rate as determined by the Reference Dealers at 11.00 a.m. London time, on the third Business Day in London preceding such Optional Redemption Date or the Mandatory Redemption Date, as the case may be, quoted in writing to the Issuer by the Reference Dealers. For this purpose, the "mid-market annual swap rate" means the arithmetic mean of the bid and offered rates for the annual fixed leg calculated on such Optional Redemption Date or Mandatory Redemption Date, as the case may be, on a 30/360 day count basis on a fixed-for-floating euro interest rate swap transaction maturing on 20 December 2026, increased by 0.5%; and

**"Reference Dealers"** means an internationally recognised investment bank acting as financial adviser (nominated by the Issuer and notified in writing to Bondholders).

- (d) **Redemption at the option of Bondholders upon a Change of Control:** Immediately after the occurrence of a Change of Control (as defined below), the Issuer will give written notice thereof (a **"Change of Control Notice"**) to the Trustee and the Bondholders in accordance with Condition 18 (*Notices*), which Change of Control Notice shall: (i) refer specifically to this Condition 10(d); (ii) describe in reasonable detail the event or circumstances resulting in the Change of Control; (iii) specify the date for redemption of the Bonds, which shall be a Business Day no less than 30 days not more than 45 days after the date of such Change of Control Notice (**"Change of Control Redemption Date"**); (iv) offer to redeem, on the Change of Control Redemption Date, all Bonds at par together with interest accrued thereon to the Change of Control Redemption Date; and (v) specify the date by which holders must provide written notice to the Issuer of such holder's redemption, which shall be not less than fifteen (15) days prior to the Change of Control Redemption Date (the **"Change of Control Response Date"**). The Issuer shall redeem on the Change of Control Redemption Date all of the Bonds held by Bondholders that requires the redemption at the price specified above. If any holder does not require early redemption on or before the Change of Control Response Date, such holder shall be deemed to have waived its rights under this Condition 10(d) to require early redemption of all Bonds held by such holder in respect of such Change of Control (in respect of which it has not required early redemption) but not in respect of any subsequent Change of Control.

To exercise the right to require early redemption of any Bonds, the holder of the Bonds must deliver at the specified office of any Paying Agent, on any Business Day before the Change of Control Response Date, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Bonds are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a **"Put Notice"**) and in which the holder must specify a bank account to which payment is to be made under this Condition 10(d) accompanied by such Bonds or evidence satisfactory to the Paying Agent concerned that such Bonds will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Bond shall be irrevocable except where, prior to the Change of Control Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein (other than for the purposes of the definition of Permitted Share Issue):

a **"Change of Control"** shall be deemed to have occurred in one or more of the following circumstances:

1. (Change of Control with respect to Milione)

- (a) If, at any time, the Investors (either jointly or individually) cease to: (i) hold or control, directly or indirectly, more than 50.1 per cent. of the issued share capital of the Issuer; (ii) have, directly or indirectly, the right to cast more than 50.1 per cent. of the votes capable of being cast in general meetings of the Issuer; or (iii) have, directly or indirectly, the right to determine the composition of the majority of the board of directors or equivalent body of the Issuer; and
- (b) at the time of the later of the first public announcement and the occurrence of any event referred to in 1(a) above of this definition, the Bonds carry from any Rating Agency either:
  - (i) a credit rating equal to BBB-/Baa3/BBB- or higher and such rating from any Rating Agency is within 180 days of the later of the first public announcement and the occurrence of any event referred to in 1a) above of this definition either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 180 day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
  - (ii) a credit rating equal to BB+/Ba1/BB+ or lower or no credit rating and within 90 days of the later of the first public announcement and the occurrence of any event referred to in 1a) above of this definition, no Rating Agency assigns to the Bonds a credit rating equal to BBB-/Baa3/BBB- or higher,

and, in each case, in making the relevant decision(s) referred to above in (i), the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or principally, from an event referred to in 1a) above of this definition; or

2. (Change of Control with respect to Save)

If, at any time, the Issuer ceases to: (i) hold or control, directly or indirectly, more than 50.1 per cent. of the issued share capital of SAVE; (ii) have, directly or indirectly, the right to cast more than 50.1 per cent. of the votes capable of being cast in general meetings of SAVE; or (iii) have, directly or indirectly, the right to determine the composition of the majority of the board of directors or equivalent body of SAVE, except for the purposes of, or pursuant to, a Permitted Transaction; or

3. (Change of Control - Sanctioned Persons)

If either of the events referred to in 1(a) and 2 of this definition of Change of Control occur, and any person, who as a result of such event becomes a shareholder, is a Sanctioned Person.

**"Investors"** means any entity directly or indirectly controlled by:

- (a) or under common control with, or which is, a limited partnership, a trust, a fund or any other entity, which is managed and/or advised by:
  - (i) Deutsche Alternative Asset Management (Global) Limited or any of its Affiliates, or
  - (ii) any other entity that is directly or indirectly wholly owned by either: (i) DWS Group GmbH & Co. KGaA; or (ii) Deutsche Bank AG,

- (b) or under common control with, or which is, a limited partnership, a trust, a fund or any other entity which is managed and/or advised by InfraVia Capital Partners or any of its Affiliates; and
- (c) Mr. Enrico Marchi or his successors (*eredi*) or members of EM's Family (where "**EM's Family**" means Mr Enrico Marchi, his spouse and his descendants) or any trust, **provided that** the beneficiaries of the same are members of the EM's Family.

(e) **Mandatory Early Redemption upon the receipt of Disposal Proceeds**

Unless previously redeemed, or purchased and cancelled in accordance with this Condition 10, upon the receipt of any Disposal Proceeds, the Issuer shall calculate the applicable Bond Disposal Proceeds and apply such Bond Disposal Proceeds (rounded down to the nearest €100,000 in nominal amount) to redeem the Bonds in whole (to the extent that there are sufficient funds) or in part, at their principal amount, together with interest accrued to the date fixed for redemption on the Interest Payment Date falling immediately after receipt by the Issuer of such Disposal Proceeds, **provided that** if the next Interest Payment Date shall fall less than ten Business Days after the date of such notice, such redemption shall take place on the immediately following Interest Payment Date.

The Issuer shall, within 7 Business Days of receipt of any Disposal Proceeds, send to the Trustee, the Principal Paying Agent and the Bondholders in accordance with Condition 19 (*Notices*) a notice setting out the amount of such Disposal Proceeds and: (i) the date of redemption of the Bonds; (ii) the applicable Bond Disposal Proceeds; (iii) aggregate principal amount of Bonds to be redeemed; (iv) the aggregate principal amount of Bonds that will remain outstanding following such redemption; and (v) the serial numbers of the Bonds to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

All Bonds in respect of which any notice of redemption is given under this Condition 10(e) shall be redeemed on the date specified in such notice in accordance with this Condition 10(e).

As used herein:

"**Bond Disposal Proceeds**" is the portion of the Disposal Proceeds to be applied for the redemption of the Bonds pursuant to the Intercreditor Agreement;

"**Disposal**" means a sale, transfer or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions);

"**Disposal Proceeds**" means the cash consideration received or recovered by the Issuer in connection with any Disposal made by any member of the Group except for Excluded Disposal Proceeds and after deducting any:

- (i) reasonable fees, costs and expenses which are incurred by any member of the Group with respect to that Disposal to persons who are not members of the Group; and
- (ii) Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"**Excluded Disposal Proceeds**" means the cash consideration received by any member of the Group (including any amount receivable in repayment of intercompany debt) for any Disposal:

- (i) made by any member of the Group pursuant to the definition of "Permitted Disposal" (other than under paragraph (k) of such definition);

- (ii) (other than a Disposal permitted under paragraph (k) of the definition of "Permitted Disposal") for a maximum amount of euro 2,000,000 (or its equivalent) for each Disposal; or;
- (iii) (other than a Disposal permitted under paragraph (k) of the definition of "Permitted Disposal") of less than euro 6,000,000 (or its equivalent) (when aggregated with the cash consideration receivables for any other Disposal in any Financial Year other than a Permitted Disposal).

(f) **Mandatory Early Redemption upon the receipt of Termination Payment Proceeds**

Unless previously redeemed, or purchased and cancelled in accordance with this Condition 10, upon the receipt of any Termination Payment Proceeds, the Issuer shall calculate the Bond Termination Payment Proceeds and apply such Bond Termination Payment Proceeds (rounded down to the nearest €100,000 in nominal amount) to redeem the Bonds in whole (to the extent that there are sufficient funds) or in part, at their principal amount, together with interest accrued to the date fixed for redemption on the Interest Payment Date falling immediately after receipt by the Issuer of such Bond Termination Payment Proceeds, **provided that** if the next Interest Payment Date shall fall less than ten Business Days after the date of such notice, such redemption shall take place on the immediately following Interest Payment Date.

The Issuer shall, within 7 Business Days of receipt of any Termination Payment Proceeds, send to the Trustee, the Principal Paying Agent and the Bondholders in accordance with Condition 19 (*Notices*) a notice setting out the amount of such Termination Payment Proceeds and: (i) the date of redemption of the Bonds; (ii) the applicable Bond Termination Payment Proceeds; (iii) aggregate principal amount of Bonds to be redeemed; (iv) the aggregate principal amount of Bonds that will remain outstanding following such redemption; and (v) the serial numbers of the Bonds to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

All Bonds in respect of which any notice of redemption is given under this Condition 10(f) shall be redeemed on the date specified in such notice in accordance with this Condition 10(f).

As used herein:

"**Bond Termination Proceeds**" is the portion of the Termination Payment Proceeds to be applied for the redemption of the Bonds pursuant to the Intercreditor Agreement; and

"**Termination Payment Proceeds**" means the proceeds of any compensation payment received or recovered by SAVE in respect of termination, withdrawal or revocation of the Concession Agreement and after deducting any:

- (i) reasonable costs, fees and expenses which are incurred by the Issuer to persons who are not members of the Group; and
- (ii) Tax incurred and required to be paid by the Issuer in connection with the receipt of that compensation payment.

(g) **Mandatory Early Redemption upon the receipt of a Cure Amount**

Unless previously redeemed, or purchased and cancelled in accordance with this Condition, upon the receipt of any Cure Amount (as so described in Condition 5.4 (*Cure Amount*)), the Issuer shall apply the Bond Cure Amount (rounded down to the nearest €100,000 in nominal amount) to redeem the Bonds in whole (to the extent that there are sufficient funds) or in part, at their principal amount, together with interest accrued to the date fixed for redemption on the Interest Payment Date falling immediately after receipt by the Issuer of such Cure Amount, **provided that** if the next Interest Payment Date shall fall less than ten Business Days after the date of such notice, such redemption shall take place on the immediately following Interest Payment Date.

The Issuer shall, within 7 Business Days of receipt of any Cure Amount, send to the Trustee, the Principal Paying Agent and the Bondholders in accordance with Condition 19 (*Notices*) a notice setting out the amount of such Cure Amount and: (i) the date of redemption of the Bonds; (ii) the applicable Bond Cure Amount; (iii) aggregate principal amount of Bonds to be redeemed; (iv) the aggregate principal amount of Bonds that will remain outstanding following such redemption; and (v) the serial numbers of the Bonds to be redeemed, which shall be determined in accordance with the rules of the relevant clearing system and, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

All Bonds in respect of which any notice of redemption is given under this Condition 10(g) shall be redeemed on the date specified in such notice in accordance with this Condition 10(g).

As used herein:

**"Bond Cure Amount"** is the portion of the Cure Amount to be applied for the redemption of the Bonds subject to Clauses 13.1 and 13.2 of the Intercreditor Agreement;

(h) **Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events**

Unless previously redeemed, or purchased and cancelled in accordance with this Condition, if, commencing from the Financial Half Year starting 31 December 2018, two consecutive Lock-Up Events have occurred, the Issuer shall apply the Bond Issuer Excess Cash (rounded down to the nearest €100,000 in nominal amount) to redeem the Bonds in whole (to the extent that there are sufficient funds) or in part, at their principal amount, together with interest accrued to the date fixed for redemption on the Interest Payment Date falling immediately after the occurrence of such two consecutive Lock-Up Events, **provided that** if the next Interest Payment Date shall fall less than ten Business Days after the date of such notice, such redemption shall take place on the immediately following Interest Payment Date.

The Issuer shall, within 7 Business Days of the occurrence of such two consecutive Lock-Up Events, send to the Trustee, the Principal Paying Agent and the Bondholders in accordance with Condition 19 (*Notices*) a notice setting out the amount of Issuer Excess Cash and: (i) the date of redemption of the Bonds; (ii) the applicable amount of Bond Issuer Excess Cash; (iii) aggregate principal amount of Bonds to be redeemed; (iv) the aggregate principal amount of Bonds that will remain outstanding following such redemption; and (v) the serial numbers of the Bonds to be redeemed, which shall be determined in accordance with the rules of the relevant clearing system and, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

All Bonds in respect of which any notice of redemption is given under this Condition 10(h) shall be redeemed on the date specified in such notice in accordance with this Condition 10(h).

As used herein:

**"Bond Issuer Excess Cash"** is the portion of the Issuer Excess Cashflow, for the two Financial Half Years of the Issuer starting 30 June and 31 December immediately prior to the date of the second Compliance Certificate evidencing the Lock-up Events to be applied for the redemption of the Bonds pursuant to the Intercreditor Agreement; and

**"Lock-Up Event"** means the delivery of a Compliance Certificate which does not show compliance with (and satisfaction of) the conditions set out in paragraphs (c)(i) and (ii) of Condition 7.18 (*Dividends, share redemption and other distributions*).

- (i) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 10 shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the notice shall also contain the serial numbers of the Bonds to be redeemed, which shall have been drawn in such place as the Paying Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (j) **No Other Redemption:** The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in Condition 10(a) (*Final Redemption*), 10(b) (*Redemption for taxation reasons*), 10(c) (*Redemption at the option of the Issuer*), 10(d) (*Redemption at the option of Bondholders upon a Change of Control*), 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*), 10(f) (*Mandatory Early Redemption upon the receipt of Termination Payment Proceeds*), 10(g) (*Mandatory Early Redemption upon the receipt of a Cure Amount*) and 10(h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*) above.
- (k) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (**provided that** they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders.
- (l) **Cancellation:** All Bonds so redeemed or purchased and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

## 11. Payments

- (a) **Payments in respect of Bonds:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent (subject to Condition 11(b) below). Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.
- (b) **Method of Payment:** Payments will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System.
- (c) **Payments subject to laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (d) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before occurrence of a prescription pursuant to Condition 14 (*Prescription*).
- (e) **Payments only on a Presentation Date:** A Bond or Coupon may only be presented for payment on a Presentation Date and shall not, except as provided in Condition 9 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date for such payment.
- (f) **Paying Agents:** The Issuer reserves the right (without the need for prior approval of the Bondholders (or, if appointed, the Bondholders' Representative)) at any time to replace the Paying Agent **provided that** so long as the Bonds are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the applicable rules and regulations of the relevant stock exchange or other relevant authority.
- (g) Notice of any appointment and of any changes in specified offices will be given to the Bondholders (or, if appointed, to the Bondholders' Representative) promptly by the Issuer in accordance with Condition 19 (*Notices*).

## 12. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Bonds Taxes**") imposed or levied by or on behalf of the Relevant Taxing Jurisdiction, unless the withholding or deduction of such Bonds Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders or the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Bonds and the Coupons in the absence of such withholding or deduction, except that no additional amounts shall be payable with respect to any Bond or Coupon:

- (a) presented for payment by, or by a third party on behalf of, the holder who is liable to such Bonds Taxes in respect of such Bond or Coupon by reason of it having some connection with the Relevant Taxing Jurisdiction other than a mere holding of the Bond or the Coupon; or
- (b) for or on account of any Bonds Taxes that are imposed or withheld by reason of the failure by a Bondholder or Couponholder to comply with a written request of the payer or any other person through whom payment can be made addressed to a Bondholder or Couponholder, after reasonable notice (at least 30 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of that Bondholder or Couponholder or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, in any case which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Bonds Taxes but only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation; or
- (c) in relation to any payment or deduction on principal, interest or other proceeds of any Bond or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended or supplemented from time to time, or related implementing regulations (the "**Decree No. 239**"); or
- (d) where the Bonds or the Coupons are held by a Bondholder or Couponholder which is not a Qualified Investor; or
- (e) presented for payment more than 30 days after the Relevant Date except to the extent that a holder or beneficial owner thereof would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days; or
- (f) presented for payment in the Relevant Taxing Jurisdiction; or
- (g) any Bonds Taxes imposed on or with respect to any payment by the Issuer to a Bondholder or Couponholder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Bonds Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Bonds or Coupons; or
- (h) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities; or
- (i) any combination of paragraphs (a) through (h) above.

Such additional amounts will also not be payable where, if the beneficial owner of the Bonds or Coupons had been the holder of the Bonds or Coupons, it would not have been entitled to payment of any additional amount by reason of any of paragraphs (a) to (k) above.

The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any amounts required to be withheld or deducted pursuant to Sections 1471 through 1474 of the Code, any

regulation or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof or any law implementing an intergovernmental approach thereto to be deducted or withheld by the Issuer, the Paying Agent or any other party.

Any reference in these Conditions to "**principal**" and/or "**interest**" are deemed to include any additional amounts which may be payable under this Condition 12 (*Taxation*).

### 13. **Events of Default**

If any of the following events occurs the Trustee at its discretion may, and if so requested in writing by holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall, in each case, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and shall accordingly forthwith become, immediately due and repayable at their principal amount, together with interest accrued to the date of repayment:

- (a) **Non-payment:** if default is made in the payment of any amount of principal or interest in respect of the Bonds when due unless such failure to pay is caused by:
  - (i) an administrative or technical error; or
  - (ii) a Disruption Event,and the relevant payment is made within three (3) Business Days of the due date thereof; or
- (b) **Breach of Financial covenants and breach of obligations in relation to the Transaction Security:**
  - (i) the Issuer fails to satisfy any of the requirements of Condition 4 (*Financial Covenants*); or
  - (ii) any provider of Transaction Security does not comply with any provision of any Transaction Security Document; or
- (c) **Breach of other obligations:** the Issuer fails to perform or observe any of its other obligations under these Conditions (other than those referred to in Condition 13(a) (*Non-payment*) and Condition 13(b) (*Breach of Financial covenants and breach of obligations in relation to the Transaction Security*)) or the Trust Deed or any of the other Transaction Documents and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of fifteen (15) Business Days following the earlier of: (i) service by the Trustee on the Issuer of notice requiring the same to be remedied **provided that** the Trustee has certified that in its opinion such event is materially prejudicial to the interests of the Bondholders; and (ii) the Issuer becoming aware of the failure to comply; or
- (d) **Misrepresentation:** any representation or statement made or deemed to be made by the Issuer in the Transaction Documents or any other document delivered by the Issuer under or in connection with any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made, and (except in any case where the Trustee considers such misrepresentation to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of fifteen (15) Business Days following the earlier of: (i) service by the Trustee on the Issuer of notice requiring the same to be remedied **provided that** the Trustee has certified that in its opinion such event is materially prejudicial to the interests of the Bondholders; and (ii) the Issuer becoming aware of the failure to comply; or
- (e) **Cross-Default:**

- (i) any Financial Indebtedness of the Issuer, SAVE or any of its Material Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period;
- (ii) any Financial Indebtedness of the Issuer, SAVE or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described);
- (iii) any commitment for any Financial Indebtedness of the Issuer, SAVE or any of its Material Subsidiaries is cancelled or suspended by a creditor of the Issuer, SAVE or any of its Material Subsidiaries as a result of an event of default (however described); or
- (iv) any creditor of the Issuer, SAVE or any of its Material Subsidiaries becomes entitled to declare any Financial Indebtedness of the Issuer, SAVE or any of its Material Subsidiaries due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** the aggregate amount of the relevant Financial Indebtedness in respect of which one or more of the events mentioned above in this Condition 13(e) have occurred exceeds €5,000,000 or its equivalent in another currency; or

- (f) **Insolvency:** the Issuer, SAVE or any of its Material Subsidiaries:
  - (i)
    - (A) is unable or admits inability to pay its debts as they fall due;
    - (B) suspends or threatens in writing to suspend making payments on any of its debts; or
    - (C) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling its indebtedness; or
  - (ii) a moratorium is declared in respect of any indebtedness of the Issuer, SAVE or any of its Material Subsidiaries; or
- (g) **Insolvency Proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer, SAVE or any of its Material Subsidiaries;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer, SAVE or any of its Material Subsidiaries;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer, SAVE or any of its Material Subsidiaries or any of its assets; or
  - (iv) enforcement of any Security over any assets of SAVE or its Material Subsidiaries exceeding an aggregate value of euro 5,000,000 (or its equivalent in any other currency or currencies),

or any analogous procedure or step is taken in any jurisdiction **provided that** this Condition 13 (g) shall not apply to: (i) any such winding-up petition which is discharged, stayed or dismissed

within 120 days of commencement; or (ii) any step or procedure contemplated by paragraph (b) of the definition of "Permitted Transaction"; or

- (h) **Creditors' Process:** any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Issuer, SAVE or any of its Material Subsidiaries having an aggregate value exceeding euro 5,000,000, unless (in each case) such process is either being contested in good faith or shown to be frivolous or vexatious; or
- (i) **Unlawfulness and invalidity:**
  - (i) Subject to the Legal Reservations and Perfection Requirements, it is or becomes unlawful for the Issuer or any other member of the Group that is a party to the Intercreditor Agreement to perform any of its obligations under the Transaction Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Intercreditor Agreement is or becomes unlawful.
  - (ii) Any obligation or obligations of the Issuer under any Transaction Documents or any other member of the Group or Subordinated Creditor (as defined in the Intercreditor Agreement) under the Intercreditor Agreement are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Bondholders under the Transaction Documents.
  - (iii) Any Transaction Document ceases to be in full force and effect or any Transaction Security or any subordination created under the Intercreditor Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Bond Secured Creditors) to be ineffective; or
- (j) **Cessation of business:** the Issuer or SAVE suspends or ceases to carry on its business, including as a result of withdrawal, termination or revocation of the Concession Agreement, except as a result of a Permitted Disposal or a Permitted Transaction; or
- (k) **Audit qualification:** the Auditors of the Group qualify the Annual Financial Statements of the Issuer:
  - (i) on the grounds that the information supplied to them (or which they had access to) was unreliable or inadequate; or
  - (ii) on the grounds that they are unable to audit that financial statement on a going concern basis; or
- (l) **Expropriation:** the authority or ability of the Issuer or SAVE to conduct its business is wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets; or
- (m) **Repudiation and rescission of agreements:** The Issuer (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security; or
- (n) **Litigation:** any litigation, arbitration, administrative, governmental, regulatory proceedings or disputes are commenced, or any judgment or order of a court, arbitral tribunal or other competent tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any member of the Group or its assets which is reasonably likely to be adversely determined and, if so adversely determined, could reasonably be expected to have a Material Adverse Effect; or

- (o) **Material Adverse Effect:** any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect; or
- (p) **Concession Agreement:**
  - (i) the Concession Agreement is terminated, revoked or otherwise expires for any reason other than by reason of natural expiry of its terms or as consented in writing by an Extraordinary Resolution (as defined in the Trust Deed).
  - (ii) SAVE transfers the Concession Agreement or evidences an intention to transfer the Concession Agreement.
  - (iii) If any notice of termination, withdrawal or revocation of the Concession Agreement is served on SAVE, the Issuer (or any other member of the Group) fails to provide the Trustee with the relevant remedy plan within 20 Business Days of receipt of such notice, or materially fails to take the relevant remedy steps in accordance with such remedy plan or to remedy otherwise to such notice.

#### 14. **Prescription**

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 9 (*Payments*) within a period of 10 years in the case of principal and five (5) years in the case of interest from the date on which such payment first becomes due.

#### 15. **Replacement of Bonds and Coupons**

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in the European Union subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Paying Agent may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

#### 16. **Meetings of Bondholders (etc.) and Substitution**

- (a) **Meetings of Bondholders:** All meetings of the Bondholders will be held in compliance with mandatory provisions of Italian law and the Issuer's by-laws in force from time to time. The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed.

In accordance with Article 2415 of the Italian Civil Code, the meeting of Bondholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a joint representative (*rappresentante comune*) of the Bondholders, having the powers and duties set out in Article 2418 of the Italian Civil Code; (ii) any amendment to these Conditions; (iii) motions for composition with creditors (*concordato*) of the Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Bondholders and the related statements of account; and (v) on any other matter of common interest to the Bondholders. The Issuer (through its board of directors (*consiglio di amministrazione*) or, as the case may be, its management board (*consiglio di gestione*)), the Bondholders' Representative or, to the extent permitted by applicable law, the Trustee may convene a meeting at any time, subject in the case of the Trustee to its being indemnified and/or secured and/or prefunded to its satisfaction, and shall be obliged (subject as aforesaid) to do so upon the request in writing of Bondholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Bonds. If the Issuer or the Bondholders' Representative defaults in convening such a meeting following such request or requisition by the Bondholders representing not less than one-twentieth of the aggregate principal amount of the outstanding Bonds, the statutory auditors (*collegio sindacale*) of the Issuer shall do so or, if they so default, the same may be convened by decision of the competent court upon request by such Bondholders.

According to the Italian Civil Code and the Issuer's by-laws as at the Issue Date, a meeting of Bondholders will be validly held if: (i) in the case of a first meeting, there are one or more persons present that hold or represent holders of more than one-half of the aggregate principal amount of the outstanding Bonds; (ii) in the case of an adjourned meeting, there are one or more persons present that hold, or represent holders of, at least one-third of the aggregate principal amount of the outstanding Bonds; and (iii) in the case of any further adjourned meeting (if provided by the Issuer's by-laws), there are one or more persons present that hold, or represent holders of, at least one-third of the aggregate principal amount of the outstanding Bonds, provided, however, that Italian law and/or the by-laws of the Issuer may from time to time (to the extent permitted under applicable Italian law) require a larger quorum at any of the above meetings.

The majority required to pass an Extraordinary Resolution is: (i) in the case of a first meeting, one or more persons that hold or represent holders of more than one-half of the aggregate principal amount of the outstanding Bonds; (ii) in the case of an adjourned meeting, one or more persons that hold, or represent holders of, at least two-thirds of the Bonds represented at the meeting; and (iii) in the case of any further adjourned meeting (if provided by the Issuer's by-laws), one or more persons that hold, or represent holders of, at least two-thirds of the Bonds represented at the meeting, **provided that** certain proposals listed in the Trust Deed (including, without limitation, modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds or the Coupons or substituting the Issuer (other than as set out in Condition 16(e) (*Substitution*)) may only be sanctioned by a resolution passed at a meeting of Bondholders (including adjourned meetings as provided under Article 2415 of the Italian Civil Code) with a majority of at least one-half of the aggregate principal amount of the outstanding Bonds, unless a higher majority is required pursuant to Article 2369 of the Italian Civil Code, and **further provided that** in each case Italian law and/or the by-laws of the Issuer may from time to time (to the extent permitted under applicable Italian law) require a larger and/or different majority.

Directors and statutory auditors of the Issuer are entitled to attend the Bondholders' meeting. The resolutions validly adopted in meetings are binding on Bondholders whether present or not and irrespective of whether they voted in favour or against the resolution.

- (b) **Bondholders' Representative:** A joint representative of Bondholders (*rappresentante comune*) (the "**Bondholders' Representative**"), subject to any applicable provisions of Italian law, may be appointed in accordance with and pursuant to Article 2417 of the Italian Civil Code in order to represent the Bondholders' interests under these Conditions and to give effect to the resolutions passed at a meeting of the Bondholders. If the Bondholders' Representative is not appointed by a meeting of the Bondholders, it may be appointed by a decree of the competent court at the request of one or more Bondholders or at the request of the directors of the Issuer. The Bondholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.
- (c) **Security Agent:** By reason of accepting and holding a Bond, each Bondholder shall be deemed: to
- (i) have agreed to and accepted the appointment of Deutsche Bank AG, London Branch as Security Agent;
  - (ii) recognise the Security Agent as its representative (*rappresentante*) for the purposes of Article 2414-*bis*, paragraph 3, of the Italian Civil Code, acting in its name and on its behalf under, in connection with, or in respect of the Secured Property (in accordance with, and with the benefit of the full protection set out in, the Trust Deed); and
  - (iii) agrees to be bound by the terms of any Transaction Document to which the Security Agent is or will be a party as if such Bondholder was itself a signatory thereto.
- (d) **Modification, Waiver, Authorisation and Determination:** The Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification, other than in respect of

a Reserved Matter (as defined in the Trust Deed), of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Transaction Documents, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (**provided that**, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders) or may agree, without any such consent as aforesaid, to any modification to the Transaction Documents or these Conditions which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or if it is made to comply with: (i) mandatory laws, legislation and regulations of Italy; and (ii) the Issuer's By-laws, in each case, applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution and which enters into force at any time after the Issue Date while the Bonds remain outstanding. Any modification, waiver, authorisation or determination is binding on the Bondholders and the Couponholders and any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 19 (*Notices*).

- (e) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.
- (f) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders or Couponholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

## 17. **Enforcement**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce the terms of the Bonds, the Coupons and/or the Transaction Documents but it need not take any such actions, steps or proceedings unless (a) it has been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in principal amount of the Bonds outstanding, and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 18. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and is entitled to rely without liability on any such report, confirmation, certificate or advice.

## 19. **Notices**

The Issuer shall ensure that notices or information to be given to the Bondholders shall be duly published in a manner which complies with the rules and regulations of the ExtraMOT PRO or any stock exchange

or other relevant authority on which the Bonds are for the time being listed and published on the Issuer's website ([www.milionespa.it](http://www.milionespa.it)) and copies shall be sent to the Trustee. Any such notice or information will be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication as provided above.

20. **Contracts (Rights of Third Parties) Act 1999**

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

21. **Governing Law**

- (a) **Governing Law:** The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, save that provisions in these Conditions relating to Bondholders' meetings and the Bondholders' Representative are subject to compliance with mandatory provisions of Italian law. The Transaction Security Documents and any non-contractual obligations arising out of or in connection with any of them are governed by and shall be construed in accordance with Italian law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Bonds or the Coupons ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, the relevant parties have agreed that the courts of England are the most appropriate and convenient courts to settle disputes and accordingly no person will argue to the contrary. The courts of Milan are to have jurisdiction to settle any disputes which may arise out of or in connection with the Transaction Security Documents and accordingly any Proceedings may be brought in such courts.
- (c) **Agent for Service of Process:** Pursuant to the Trust Deed, the Issuer has irrevocably and unconditionally appointed TMF Global Services (UK) Limited, whose registered office is at 6 St Andrew Street, 5th Floor, London EC4A 3AE, United Kingdom as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose and shall notify the Trustee of such appointment.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Bonds will initially be in the form of the Temporary Global Bond which will be deposited on or around the Issue Date with Clearstream, Luxembourg as common safekeeper.

The Bonds will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Bonds in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as from 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Bonds are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Bonds to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Bond will be exchangeable in whole or in part for interests in the Permanent Global Bond not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Bond will become exchangeable in whole, but not in part, for Bonds in definitive form ("**Definitive Notes**") in the denomination of Euro 100,000 each at the request of the bearer of the Permanent Global Bond against presentation and surrender of the Permanent Global Bond to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

So long as the Bonds are represented by a Temporary Global Bond or a Permanent Global Bond and the relevant clearing system(s) so permit, the Bonds will be tradeable only in the minimum authorised denomination of Euro 100,000 and higher integral multiples of Euro 100,000.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Bond and the Permanent Global Bond will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Temporary Global Bond and the Permanent Global Bond. The following is a summary of certain of those provisions:

*Payments:* Principal and interest in respect of the Temporary Global Bond and the Permanent Global Bond shall be paid to its holder against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Principal Paying Agent in respect of the Bonds (or to or to the order of such other Paying Agent as have been notified to the Bondholders for this purpose) and each payment so made will discharge the Issuer's obligations in respect thereof. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing Systems, but any failure to make the entries in the records of the relevant Clearing Systems shall not affect the discharge referred to above. References in the Conditions to Coupons and Couponholders shall be construed accordingly. For the purposes of any payments made in respect of the Temporary Global Bond and the Permanent Global Bond, Condition 11(e) (*Payments only on a Presentation Date*) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Bonds.

*Notices:* So long as the Temporary Global Bond and the Permanent Global Bond are held on behalf of a relevant Clearing System, notices required to be given to Bondholders may be given by their being delivered to Euroclear

and/or Clearstream, Luxembourg and/or, as the case may be, the Alternative Clearing System and, as long as the Bonds are listed on the ExtraMOT PRO pursuant to the relevant regulations of Borsa Italiana S.p.A., rather than by publication as required by the Conditions.

*Redemption for taxation reasons or at the option of the Issuer:* the options of the Issuer provided for in Condition 10(b) (*Redemption for taxation reasons*) and Condition 10(c) (*Redemption at the option of the Issuer*) shall be exercised by the Issuer giving notice to the Bondholders and the relevant Clearing Systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by those Conditions.

*Redemption at the option of Bondholders:* the option of the Bondholders provided for in Condition 10(d) (*Redemption at the option of Bondholders upon a Change of Control*) may be exercised by the holder of the Temporary Global Bond and the Permanent Global Bond giving notice to the Principal Paying Agent within the time limits relating to the deposit of Bonds with a Paying Agent set out in that Condition and pursuant to the rules and procedures of the relevant Clearing System. Following the exercise of any such option, the Issuer shall procure that the principal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by the Temporary Global Bond and the Permanent Global Bond shall be reduced by the aggregate principal amount stated in the relevant exercise notice.

*Mandatory Early Redemptions pursuant to Condition 10:* the Mandatory Early Redemption provisions provided for in Condition 10(e) (*Mandatory Early Redemption upon the receipt of Disposal Proceeds*), (f) (*Mandatory Early Redemption upon the receipt of Termination Payment Proceeds*), (g) (*Mandatory Early Redemption upon the receipt of a Cure Amount*) and (h) (*Mandatory Early Redemption upon the occurrence of two consecutive Lock-Up Events*) shall be exercised by the Issuer, giving notice to the Bondholders and the relevant Clearing Systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by those Conditions. Following any such mandatory redemption, the Issuer shall procure that the principal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by the Temporary Global Bond and the Permanent Global Bond shall be reduced by the aggregate principal amount stated in the relevant mandatory redemption notice.

*Clearing of the Notes:* the Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## TAXATION

*The statements herein regarding Italian taxation are based on the laws in force as at the date of this Admission Document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

### REPUBLIC OF ITALY

#### Tax treatment of Bonds

##### *Interest from Bonds which are listed on a Qualified Market (as defined below)*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree No. 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from Bonds falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies which are listed on a regulated market, or multilateral trading platform, in an EU Member State or in a country belonging to the European Economic Area which is also included under the list provided by Ministerial Decree of 4 September 1996, as amended and supplemented from time to time ("**Qualified Market**").

The provisions of Decree No. 239 only apply to those Bonds which qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**"). For these purposes, bonds and debentures similar to bonds (*titoli similari alle obbligazioni*) are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value (with or without internal payments) and that do not give any right to directly or indirectly participate in the management of the Issuer or to the business in relation to which the securities are issued nor any type of control on the management.

##### *Italian resident Bondholders*

Pursuant to Decree No. 239, where the Italian resident holder of the Bonds, who is the beneficial owner of such Bonds, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Bonds are connected unless he has entrusted the management of his financial assets, including the Bonds, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**"); or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institutions (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Bonds are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Bonds). All the above categories are qualified as "net recipients".

Where the resident holders of the Bonds described above under (a) and (c) are engaged in an entrepreneurial activity to which the Bonds are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

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

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance (together the "**Intermediaries**" and each an "**Intermediary**"). An Intermediary must: (i) be: (a) resident in Italy; (b) a permanent establishment in Italy of a non-Italian resident Intermediary; or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Bonds or in a change of the Intermediary with which the Bonds are deposited.

Where the Bonds and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Bonds or, absent that, by the Issuer.

Payments of Interest in respect of Bonds are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are Italian resident:

- (i) corporations or permanent establishments in Italy of foreign corporations to which the Bonds are effectively connected;
- (ii) partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*);
- (iii) open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), investment companies with variable capital ("**SICAVs**"), investment companies with fixed capital ("**SICAFs**"), Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**"), Italian resident real estate investment funds ("**Real Estate Funds**") and Italian real estate investment companies with fixed capital ("**Real Estate SICAFs**") subject to the regime provided for by Law Decree No. 351 of 25 September 2001; and
- (iv) individuals holding the Bonds not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Bonds, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Bonds without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must: (a) be the beneficial owners of payments of Interest on the Bonds; and (b) deposit the Bonds in due time, together with the coupons relating to such Bonds, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Bonds and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Bonds or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Bonds are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Bonds are included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Bondholder, also in the net value of production for purposes of regional tax on productive activities – "IRAP") of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Bonds are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding the Bonds not in connection with entrepreneurial activity who have opted for the Asset Management Regime are subject to a 26 per cent. annual *imposta sostitutiva* (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Bonds). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a SICAF and the relevant Bonds are held by an authorised intermediary, Interest accrued during the holding period on such Bonds will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, SICAV or SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where a Bondholder is a Real Estate Fund or a Real Estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, Interest accrued on the Bonds will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund or Real Estate SICAF. Subsequent distributions made in favour of unitholders or shareholders and/or income realised upon redemption or disposal of the units or shares will be subject, in certain circumstances, to a withholding tax of 26 per cent; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund or Real Estate SICAF is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Where an Italian resident Bondholder is a pension fund (subject to the regime provided by Article 17 of Decree No. 252) and the Bonds are deposited with an Italian resident intermediary, Interest relating to the Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of each tax period, to be subject to the to a 20 per cent. annual *imposta sostitutiva* (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Bonds).

Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Bonds may be excluded from the taxable base of the Pension Fund Tax if the Bonds are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232.

#### *Non-Italian resident Bondholders*

According to Decree No. 239, payments of Interest in respect of the Bonds will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non Italian resident beneficial owners of the Bonds with no permanent establishment in Italy to which the Bonds are effectively connected **provided that**:

- (a) such beneficial owners are resident for tax purposes in a State or territory which allows for an adequate exchange of information with the Italian tax authorities included in the Ministerial Decree of 4 September 1996, as amended and supplemented from time to time (the "**White List**"). According to Article 11, par. 4, let. c) of Decree No. 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4 September, 1996 as amended from time to time; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Bonds made to: (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors, whether or not subject to tax, established in countries included in the White List; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Bonds without the application of 26 per cent. *imposta sostitutiva*, non Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Bonds;
- (b) deposit the Bonds in due time together with the coupons relating to such Bonds, directly or indirectly, with an resident bank or SIM, or a permanent establishment in Italy of a non Italian resident bank or SIM, or with a non Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (autocertificazione) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above mentioned White List States. Such statement (autocertificazione), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (autocertificazione) is not required for non Italian resident investors that are international entities or organisations established in accordance with international agreements ratified in Italy, and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

Failure of a non-Italian resident holder of the Bonds to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementing rules will result in the application of *imposta sostitutiva* on Interest payments to a non resident holder of the Bonds.

Non-Italian resident holders of the Bonds who are subject to *imposta sostitutiva* may, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Bonds.

#### ***Interest from Bonds which are not listed on a Qualified Market***

Presidential Decree No. 600 of 29 September 1973 ("**Decree 600**") sets out the applicable regime with respect to the tax treatment of Interest from Bonds falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) which are issued by Italian companies other than, *inter alia*, banks and companies listed on a regulated market and which are not listed on a Qualified Market.

Under Decree 600, Interest payments relating to the Bonds may be subject to a withholding tax, levied at the rate of 26 per cent..

Where the Bondholder is: (i) an Italian individual engaged in an entrepreneurial activity to which the Bonds are connected; (ii) an Italian company or a similar Italian commercial entity; (iii) a permanent establishment in Italy of a non-Italian entity; (iv) an Italian commercial partnership; or (v) an Italian private or public institution or an Italian trust carrying out mainly or exclusively commercial activities, the withholding tax thereof is a provisional tax. In all other cases, including when the Bondholder is a non-Italian resident, the withholding tax is a final tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Bonds not in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on Interest relating to the Bonds, if such Bonds are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of the Law No. 232.

Double tax treaty entered into by Italy may apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payment to non-Italian resident Bondholders, subject to proper compliance with relevant subjective and procedural requirements.

Non-Italian resident Bondholders should consult their own tax advisers in order to ascertain the recoverability of taxes applied in the Republic of Italy under the provisions regulating the foreign tax credit in their respective jurisdictions.

### ***Atypical securities***

Interest payments relating to Bonds that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) but qualify as atypical securities (*titoli atipici*) for Italian tax purposes, may be subject to a withholding tax, levied at the rate of 26 per cent. under Law Decree No. 512 of 30 September 1983 ("**Decree No. 512**").

Where the Bondholder is:

- (a) an Italian individual engaged in an entrepreneurial activity to which the Bonds are connected;
- (b) an Italian company or a similar Italian commercial entity;
- (c) a permanent establishment in the Republic of Italy of a foreign entity;
- (d) an Italian commercial partnership; or
- (e) an Italian commercial private or public institution,

such withholding tax is a provisional withholding tax. In all other cases, including when the Bondholder is a non-Italian resident, the withholding tax is a final withholding tax. Double tax treaty entered into by Italy may apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payment to non Italian resident Bondholders, subject to proper compliance with relevant subjective and procedural requirements.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Bonds not in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on Interest relating to the Bonds qualifying as "*titoli atipici*", if such Bonds are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of the Law No. 232.

### ***Capital gains tax***

#### ***Italian resident Bondholders***

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- an Italian resident individual not engaged in entrepreneurial activities to which the Bonds are connected;
- an Italian resident partnership not carrying out commercial activities;
- an Italian private or public institution not carrying out mainly or exclusively commercial activities; or
- on any sale or transfer for consideration of the Bonds or redemption thereof.

Under the so called "*regime della dichiarazione*" ("**Tax Declaration Regime**"), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities, and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014 ("**Decree**

No. 66"), capital losses realised from 1 January 2014 to 30 June 2014 may be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the same capital losses.

Alternatively to the Tax Declaration Regime, the holders of the Bonds who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Bonds are connected;
- Italian resident partnerships not carrying out commercial activities; or
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Bonds under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to: (i) the Bonds being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary); and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Bonds. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Bonds, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Bonds, deducting a corresponding amount from proceeds to be credited to the holder of the Bonds. Where a sale or transfer or redemption of the Bonds results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Bonds within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Pursuant to Decree No. 66, capital losses realised from 1 January 2014 to 30 June 2014 may be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the same capital losses. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Bondholder and the Bondholder remains anonymous.

Special rules apply if the Bonds are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Bonds will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to the determination of the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio at the year-end may be carried forward against appreciation accrued in each of the following tax years up to the fourth. Pursuant to Decree No. 66, depreciations of the managed assets registered from 1 January 2014 to 30 June, 2014 may be offset against any subsequent increase in value accrued after 30 June 2014 for an overall amount of 76.92 per cent. of the same depreciations in value. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Bondholder and the Bondholder remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Bonds realised upon sale, transfer or redemption by Italian resident individuals holding the Bonds not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraphs 100-114, of Law No. 232.

In the case of Bonds held by Funds, SICAVs or SICAFs, capital gains on the Bonds contribute to determine the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Bondholder is a Real Estate Fund or a Real Estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund or Real Estate SICAF. Subsequent distributions made in favour of unitholders or shareholders and/or income realised upon redemption or disposal of the units or shares will be subject, in certain circumstances, to a withholding tax of 26 per cent; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund or Real Estate SICAF is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Bondholder who is an Italian resident pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, and will be subject to the Pension Fund Tax.

Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Bonds realised upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax if the Bonds are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232.

#### *Non- Italian resident Bondholders*

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Bonds by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Bonds are effectively connected, if the Bonds are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Bonds are effectively connected through the sale for consideration or redemption of the Bonds are exempt from taxation in Italy to the extent that the Bonds are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Bonds are deposited, even if the Bonds are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Bonds are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Bonds with no permanent establishment in Italy to which the Bonds are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Bonds if they are resident, for tax purposes: (a) in a State or territory included in the White List; and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Bonds are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Bonds are: (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Bonds are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Bonds are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Bonds.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Bonds are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Bonds are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

## **Inheritance and gift taxes**

Transfers of any valuable asset (including shares, Bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the entire value of the inheritance or gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding Euro 100,000; and
- (c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding, for each beneficiary, Euro 1,500,000.

## **Transfer tax**

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of use or voluntary registration.

## **Tax Monitoring Obligations**

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted into law by Law Decree No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes the amount of Bonds held abroad during each tax year.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners of the instrument.

Furthermore, it is not necessary to comply with the above reporting requirement with respect to: (i) the Bonds deposited for management with qualified Italian financial intermediaries; (ii) the contracts entered into through their intervention, upon condition that the items of income derived from the Bonds have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed of deposits and/or bank accounts and their aggregate value does not exceed a Euro 15,000 threshold throughout the year.

## **Stamp duty**

Pursuant to Article 13, para. 2-ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to its clients in respect of any financial product and instrument (including the Bonds), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which is not mandatory nor the deposit, nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20

June 2012) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

#### **Wealth tax on financial assets deposited abroad**

According to Article 19 of Decree No. 201 of 6 December 2011, Italian resident individuals holding financial assets, including the Bonds, outside of the Italian territory are required to declare in its own annual tax declaration and pay a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Bonds) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

## **ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **Admission to Trading**

Application has been made to Borsa Italiana for the Bonds to be admitted to trading on ExtraMOT Market - Professional Segment (ExtraMOT PRO).

Borsa Italiana will issue a notice for the admission to trading of the Bonds, establishing the date of the start of trading and making available the information needed for trading. The notice will be available on the Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and on Milione's website ([www.milionespa.it](http://www.milionespa.it)).

### **Dealing Arrangements**

The Paying Agent for the Bonds will be Deutsche Bank AG, London Branch, a bank organised and incorporated under the laws of Germany, having its branch office at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

The Trustee for the Bonds will be Deutsche Trustee Company Limited, a company organised and incorporated under the laws of England, having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

### **Secondary trading**

No entities have a firm commitment to act as intermediaries in secondary trading, providing liquidity support.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

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

The underwriter and certain of its affiliates have engaged, and may in the future engage, in lending, advisory, investment banking, corporate finance services and other related transactions with the Issuer and/or Issuer's affiliates and/or companies involved directly or indirectly in the sectors in which the Issuer operates. In addition, in the ordinary course of their business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers.

Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The underwriter or certain of its affiliates that have a significant lending relationship with the Issuer and/or Issuer's affiliates, might hedge their credit exposure to the Issuer and/or Issuer's affiliates consistent with their customary risk management policies.

The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In relation to the issue and subscription of any tranche of Bonds, fees and/or commissions may be payable to the relevant underwriter. In addition, the underwriter and/or its affiliates are lenders under financing facilities that may be repaid as part of the Issuer's refinancing arrangements following the issue of the Bonds. The underwriter or its affiliates may also act as counterparties in the hedging arrangements that the Issuer may enter into in connection with such refinancing arrangements and receive customary fees for their services in such capacities. For the avoidance of doubt, affiliates include parent companies.