

05. Dez. 2016

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ALTO GARDA SERVIZI S.P.A.

(an Italian joint stock company, entered in the company register of the commercial court of Trento under registered number TN 162457)

"PRESTITO OBBLIGAZIONARIO ALTO GARDA SERVIZI S.P.A.**AGS SPA 2014 - 2023"****5,000,000.00 FLOATING RATE NOTES**

By the extraordinary resolution of the shareholders' meeting dated 1 July 2014, ALTO GARDA SERVIZI S.P.A., a joint-stock company, incorporated under the laws of the Republic of Italy, with registered office at Via Ardarò 27, Riva del Garda - Trento (Italy), share capital of Euro 23,234,016.00 fully paid up, enrolled in the Companies Register of Trento with Tax Code and VAT No. 01581060223 (the "Issuer" or "Alto Garda Servizi" or "AGS") resolved, pursuant to articles 2410 (*Corporate Bonds*) *et seq.* of the Italian Civil Code, the issuance of the "Prestito Obbligazionario ALTO GARDA SERVIZI S.P.A. AGS SPA 2014 - 2023" for an amount of Euro 5,000,000.00 (five million/00), ISIN Code IT0005031528 (the "Notes").

No rating has been assigned to the Notes. *Please note that a credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.*

The Issuer will apply for the admission of the Notes to the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange. This prospectus (the "Prospectus") is valid in regards to the Notes issued and to be listed on the Vienna Stock Exchange within a period of 12 months from the date of approval of this Prospectus.

Prospective investors should consider that an investment in the Notes includes diverse risks, which are described in more detail in Section I (Risk Factors) starting on page 7. The occurrence of one or more of such risks could lead investors to lose some or all of their investment. Each investor should consult its own professional investment, legal, tax and other relevant advisors in connection with the subscription of Notes.

This document (the "Prospectus") constitutes a prospectus for the Notes for the purposes of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU (the "Prospectus Directive"), which was prepared in line with (i) the requirements set out under the Prospectus Directive, (ii) the Annexes IX and XIII of the Commission Regulation 809/2004/EC, as amended (the "Prospectus Regulation") and (iii) the Austrian Capital Markets Act 1991, as amended (the "KMG"). The Prospectus was submitted to the Austrian Financial Market Authority (the "FMA"), was approved by the FMA and was made available free of charge as of 5 December 2016 at the registered office of the Issuer at Via Ardarò 27, Riva del Garda - Trento (Italy) and in electronic form on the website of the Issuer (currently located at the following website address http://www.altogardaservizi.com/Investor_Relations).

The Notes are subject to Italian law.

The FMA is not required under the applicable statutory provisions to review the validity of the information contained in this Prospectus. The FMA only reviews the Prospectus with respect to completeness, coherence and comprehensibility in accordance with § 8a KMG.

The date of this Prospectus is dated 5 December 2016.

Job Nr.: 2016-0494
Prospekt gebilligt

05. Dez. 2016



FINANZMARKTAUFSICHT
Abt. III/4, Kapitalmarktprospekte
1090 Wien, Otto-Wagner-Platz 5

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information given in this Prospectus.

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

NOTICE

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference (please see Section VII. (*Documents Incorporated by Reference*)). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

No person has been authorised to give any information which is not contained in or not consistent with this Prospectus or any information supplied by the Issuer or any other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

No person mentioned in this Prospectus, excluding the Issuer, is responsible for the information contained in this Prospectus or any supplement hereto, or any document incorporated herein by reference and, accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

This Prospectus is valid for 12 months following the date of its approval and this Prospectus and any supplement hereto reflects the status as of their respective dates of issue. The delivery of this Prospectus, any supplement thereto and the offering, sale or delivery of any Notes may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Transaction is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. The Notes have not been and shall not be registered under the the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions the Notes may not be offered or sold within the U.S. or for the benefit of U.S. Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). Please see also the section headed “*Subscription and Sale*” below. The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which would allow an offering of the Notes to the public (“*offerta al pubblico di prodotti finanziari*”) in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Prospectus nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see the section headed “*Subscription and Sale*” below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the same meanings as those set forth in the section entitled “**Glossary of Terms**”. These and other terms used in this Prospectus are subject to the definitions of such terms set forth in the Transaction Documents, as amended from time to time.

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

In this Prospectus references to “**Euro**”, “**EUR**”, “**€**” and “**cents**” are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.

This Prospectus may only be used for the purpose for which it has been published. This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer have not authorised the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

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

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus will be available for viewing in electronic form on the website of the Issuer at <http://www.altogardaservizi.com>.

INFORMATION REGARDING FINANCIAL INFORMATION

Certain monetary amounts included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar terms and phrases, including references and assumptions.

This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Alto Garda Servizi's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Alto Garda Servizi's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Alto Garda Servizi's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "Risk Factors" and "Information regarding the Issuer and the Group". These sections include more detailed descriptions of factors that might have an impact on Alto Garda Servizi's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. Neither the Issuer nor its management can vouch for the future veracity of the opinions contained in the Prospectus or for the actual occurrence of the forecast developments. Moreover, prospective investors should note that statements regarding past trends and developments provide no guarantee that such trends and developments will continue in the future.

In addition, the Issuer does not assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

THIRD-PARTY STATEMENTS

Where information was sourced from a third party, the Issuer confirms that this information was accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts were omitted which would render the reproduced information inaccurate or misleading. Where such information was included in this Prospectus, the source is indicated.

DOCUMENTS ON DISPLAY

While this Prospectus remains valid, thus during a period of 12 months from the date of approval, the articles of association of the Issuer may be viewed in hardcopy at the registered office of the Issuer. In addition, an electronic copy of the articles of association may be downloaded without cost from the website of the Issuer at <http://www.altogardaservizi.com> starting from the day after the date of approval.

This Prospectus, as well as the documents incorporated herein by reference (see Section VII (*Documents Incorporated by Reference*)), will be published in accordance with § 10 of the KMG and will be available free of charge to the public in hardcopy at the registered office of the Issuer during regular business hours and in electronic copy on the website of the Issuer (<http://www.altogardaservizi.com>).

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I. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes. In addition, factors which may be relevant for the purpose of assessing market risks associated with Notes are also described below. Prospective purchasers of the Notes should note that the risks described below are not the only risks the Issuer or its group. The Issuer has described only those risks relating to its business, operations, financial condition or prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware. Should one or several of the following risks materialise, this could lead to a material decline in the price of the Notes or, in the worst-case scenario, to a total loss of interest and the amount invested by investors.

Every investor is advised to consult with their own professional advisers regarding investment, legal, tax, and other matters in connection with any subscription of the Notes. The information contained in this Prospectus and the risk disclosures below cannot take the place of professional advice.

The risk factors set forth below concern both the Issuer and the Alto Garda Serzivi Group (as defined below).

Terms that have been defined in the Glossary or elsewhere in this Prospectus shall have the same meaning in this chapter.

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

1. Risk Factors regarding the AGS Group

The AGS Group (as defined below) is dependent on concessions from local and national authorities for its regulated activities.

For the financial year ended 31 December 2015, the regulated activities of Alto Garda Servizi and its subsidiaries and shareholdings in general (collectively, the “**Alto Garda Servizi Group**” or “**AGS Group**” or “**Group**”), including distribution of electricity and gas (both natural and liquid propane gas), water services and public lighting, accounted for approximately 80% of the AGS Group’s EBITDA. These regulated activities are dependent on concessions from local authorities that vary in duration across the AGS Group’s business areas.

No assurances can be given that Alto Garda Servizi or any member of the AGS Group will maintain, enter into new, or renew existing, concessions to allow it to continue to engage in the activities described above and in this Prospectus once its existing concessions terminate or expire, or that any new concessions entered into or renewals of existing concessions will be on terms similar to those of its current concessions. Any failure by Alto Garda Servizi and by AGS Group to maintain the current concessions and/or to enter into new concessions or renew existing concessions, in each case on similar or otherwise favourable terms, could have an adverse impact on the business, revenues, results of operations and financial condition of Alto Garda Servizi and of AGS Group and therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer’s ability to fulfill its obligations under the Notes.

Risk related to the change of management and other key figures

At the date of this Prospectus Alto Garda Servizi is managed by directors appointed by the main shareholders and managers with a wide experience in the field of business run by Alto Garda Servizi.

It is not possible to exclude that the change of directors and/or key figures in the management of Alto Garda Servizi may not affect the capacity of Alto Garda Servizi to reach the business development planned and/or

maintain the standard level of revenues and/or profit and/or the capacity of Alto Garda Servizi to attract management figures to compete in the core business and its development. This may affect the business, revenues, results of operations and financial condition of AGS and its Group and therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

The AGS Group does not carry insurance against all risks, and coverage under its insurance policies might be insufficient in case of some losses.

The AGS Group's operating business is exposed to multifaceted operating risks such as climatic conditions, political unrest, terrorist attacks, disruption of power supplies, environmental risks, technical failures, fire, explosions, floods and earthquakes, or other accidents. Such risks might damage the activities carried out by of the AGS Group, cause personal injury or death, environmental damage, operational interruptions, as well as liability on the part of the AGS Group's companies. The AGS Group is not insured against all of the aforementioned risks, nor can it be guaranteed that payments, if any, under the AGS Group's existent insurance policies will be adequate to cover any potential damage. The AGS Group's net assets, financial position and results of operations might be adversely affected if the AGS Group had to cover substantial and/or specific costs itself due to inadequate insurance coverage.

2. Risk factors associated with the AGS Group's business activities

Risks related to the termination of the concessions and the amount of the compensation payment.

Each concession (including concessions for both natural gas sector and for the supply of public services) is governed by agreements with the relevant grantor requiring the relevant concession operator (the so called concessionaire) to comply with certain obligations (including performing regular maintenance). Each concessionaire is subject to penalties or sanctions for the non-performance or default under the relevant concession. Failure by a concessionaire to fulfill its material obligations under a concession may, if such failure is left un-remedied, lead to early termination by the grantor of the concession. Furthermore, in accordance with general principles of Italian law, a concession can be terminated early for reasons of public interest. In either case, the relevant concessionaire might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concessionaire.

In the case of termination of a concession, the concessionaire might be entitled to receive a compensation amount determined in accordance with the terms of the relevant concession agreement, which shall be paid by the incoming concessionaire. However, there can be no assurance that any amount paid, if any, to the relevant entities of the AGS Group will be paid timely and/or will be adequate compensation for the loss of the relevant concession and disposal of the related assets.

Furthermore, in several cases there is a dispute between the parties regarding the quantification of the indemnity due, if any, to the former concessionaire. Litigation in this respect is frequent and can have an impact on the business plan and on the AGS Group's activities. This may affect the business, revenues, results of operations and financial condition of AGS and its Group and therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

The Issuer's ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain the required licences, permits, approvals and consents.

In order to carry out and expand its business, Alto Garda Servizi needs to maintain or obtain a variety of permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these permits and approvals are often lengthy, complex, unpredictable and costly. If Alto Garda Servizi is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its

strategic objectives could be impaired, with a consequent adverse impact on the business, its revenues, results of operations and financial condition of Alto Garda Servizi and of AGS Group, which therefore may have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

The AGS Group is exposed to revision of tariffs in water and energy (power and gas) sectors.

The AGS Group operates, *inter alia*, in the water and energy sectors (such as power and gas) and is exposed to a risk of variation of the tariffs applied to the end users. In the water sector the tariffs payable by final customers are determined and adjusted by the relevant district authority (as the municipality) and may be subject to variations as a consequence of periodic revisions resulting from investigations by the relevant district authority concerning, *inter alia*, efficiency improvements and the actual implementation of planned investments by the companies managing the water service.

In the electricity and gas sector the tariffs payable to Alto Garda Servizi in its capacity of manager of the electricity and gas grids are determined and adjusted solely by the Authority for Electricity Gas and Water (“*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*” or the “**AEEGSI**”). In this perspective, uncertainties regarding the modality of determination of the applicable tariffs and adjustment of such tariffs (including, for avoidance of any doubts, the decreases in tariffs, also as a consequence of changes in determination of tariffs), could adversely affect the business, revenues, results of operations and financial condition of Alto Garda Servizi and of AGS Group and therefore may have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

Events, service interruptions, systems failures, water shortages or contamination of water supplies could adversely affect profitability.

The AGS Group controls and operates utility grids and maintains the associated assets with the objective of providing a continuous service. In exceptional circumstances, electricity, gas or water shortages, or the failure of part of a grids or supporting plant and equipment, could result in the interruption of service or catastrophic damages resulting in loss of life and/or environmental damages and/or economic and social disruption.

For example, water shortages may be caused by natural disasters, acts of terrorism, floods, prolonged droughts, below average rainfall, increases in demand or by environmental factors, such as climate change, which may exacerbate seasonal fluctuations in supply availability. In the event of a shortage, Alto Garda Servizi and the AGS Group may incur additional costs in order to provide emergency supplies. In addition, water supplies may be subject to interruption or contamination, including contamination from the presence of naturally occurring compounds and pollution from man-made sources or third parties' actions. Alto Garda Servizi and the AGS Group could also be held liable for human exposure to hazardous substances in its water supplies or other environmental damages. Alto Garda Servizi and the AGS Group could be fined for breaches of statutory obligations, including the obligation to supply clean drinking water at the point of supply, or held liable to third parties, or be required to provide an alternative water supply of equivalent quality, which could increase costs.

Alto Garda Servizi and the AGS Group maintain insurance against some, but not all, of these events but no assurance can be given that their insurance will be adequate to cover any direct or indirect losses or liabilities it may suffer. An additional risk arises from adverse publicity that these events may generate and the consequent damage to Alto Garda Servizi and the AGS Group's reputation. Such events could adversely affect the business, revenues, results of operations and financial condition of Alto Garda Servizi and the AGS Group and may therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

The AGS Group faces risks relating to the variability of weather.

Electricity, natural gas and district heating consumption levels change significantly as a result of climatic changes. Changes in the weather can produce significant differences in energy demand. Furthermore, adverse weather conditions can affect the regular delivery of energy due to grid damage and the consequent service disruption. Significant changes of such nature could adversely affect the business prospects, revenues, results of operations and financial condition of Alto Garda Servizi and the AGS Group and may therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

AGS Group is exposed to operational risks through its ownership and management of power stations and distribution grids and plants.

The main operational risks to which Alto Garda Servizi and the AGS Group are exposed are linked to its ownership and management of power stations and its distribution grids and plants. These power stations and other assets are exposed to risks that can cause significant damage to the assets themselves and, in more serious cases, production capacity may be compromised. These risks include extreme weather phenomena, adverse meteorological conditions, natural disasters, fire, terrorist attacks, sabotage, mechanical breakdown of or damage to equipment or processes, accidents and labour disputes. In particular, AGS Group's electricity and steam generation units and distribution grids are exposed to malfunctioning and service interruption risks which are beyond its control and may result in increased costs, regulated repayments (automatic compensation) to users of the grids that suffered service interruptions exceeding the maximum thresholds set by the competent energy Authority and other losses. Furthermore, any of these risks could cause damage or destruction of the AGS Group's facilities and, in turn, injuries to third parties or damage to the environment, along with ensuing lawsuits and penalties imposed by the relevant Authorities.

AGS believes that its systems of prevention and protection within each operating area, which vary according to the frequency and gravity of the particular events, its ongoing maintenance plans, the availability of strategic spare parts and its use of tools for transferring risk to the insurance market enable AGS to mitigate the economic consequences of potentially adverse events that might be suffered by any of its owned or managed plants or grids. There can, however, be no guarantee that the cost of maintenance and spare parts will not rise, that insurance products will continue to be available on reasonable terms or that any one event or series of events affecting any one or more plants or grids could not adversely affect the business, revenues, results of operations and financial condition of AGS and its Group and may therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

3. Legal risks

Risks related to the evolution in the legislative and regulatory framework for the electricity, natural gas and water sectors poses a risk to AGS and the AGS Group.

Changes in applicable legislation and regulation, whether at a national or European level, as well as in the regulation of particular regulatory agencies (including AEEGSI) and the manner in which they are interpreted, could impact AGS's earnings and operations either positively or negatively, both through the effect on current operations and through the impact on the cost and revenue-earning capabilities of current and future planned developments in sectors in which AGS conducts its business, directly or through the AGS Group. Such changes could include changes in tax rates, legislation and policies, also involving an earlier termination of certain contracts assigned to and operated by the AGS Group, changes in environmental, safety or other workplace laws or changes in the regulation of cross-border transactions. Public policies related to water, energy, gas and/or air emissions, may impact the overall business environment in which AGS and the AGS Group operate and particularly the public sector. AGS and the AGS Group operate their business in a political, legal and social environment which is expected to continue to have a material impact on the performance of AGS and the AGS Group. Regulation of a particular sector may affect many aspects of AGS's and AGS Group's

business and, in many respects, determines the manner in which AGS and the AGS Group conduct their business and the fees they charge or obtain for their products and services. Any new or substantially altered rules and standards may adversely affect the business, revenues, results of operations and financial condition of AGS and of AGS Group and therefore may have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

AGS Group's operations are subject to extensive environmental statutes, rules and regulations, which regulate, inter alia, air emissions.

AGS and AGS Group's compliance with environmental statutes, rules and regulations involves the incurrence of significant costs relating to environmental monitoring, installation of pollution control equipment, emission fees, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing environmental legal requirements or those not yet adopted may increase in the future. An increase in such costs, unless promptly recovered, could have an adverse impact on business, revenues, results of operations and financial condition of AGS and of AGS Group and may therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

AGS Group has estimated the future environmental expenses to be incurred. Notwithstanding this, it is possible that in the future AGS and the AGS Group may incur significant environmental expenses and liabilities in addition to the amounts already accrued owing to, *inter alia*:

- (i) unknown contamination;
- (ii) the results of ongoing surveys or surveys that will be carried out in future on the environmental status of certain of the AGS Group's asset as required by the applicable regulations; and
- (iii) the possibility that disputes might be brought against AGS and its Group in relation to such matters. Such liabilities could have an adverse impact on the business, revenues, results of operations and financial condition of AGS and its Group and may therefore have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

Part of AGS Group is defendants in legal proceedings and AGS Group may from time to time be subject to inspections by tax and other authorities.

Certain companies of the Group are defendants legal proceedings, which are incidental to their business activities. For further information, please see "*Section III – Information regarding the Issuer and the Group – 6. Litigation and Arbitration*".

AGS and the AGS Group are not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing provisions. In addition, it cannot be ruled out that AGS and the AGS Group may incur significant losses in addition to the amounts already accrued in connection with legal claims and proceedings or future claims or investigations which may be brought owing to:

- (i) uncertainty regarding the final outcome of such proceedings, claims or investigations;
- (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to accrue the risk provisions as at the date of the latest financial statements;

- (iii) the necessity to file new evidence and information; and
- (iv) the underestimation of probable future losses.

Adverse outcomes in existing or future proceedings, claims or investigations could have adverse effects on the business, revenues, results of operations and financial condition of AGS and the AGS Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

AGS and the AGS Group is exposed to a number of different tax uncertainties, which would have an impact on its tax results.

AGS and the AGS Group determine the taxation they are required to pay based on their interpretation of applicable tax laws and regulations. As a result, they may face unfavourable changes in those tax laws and regulations to which they are subject. Therefore, the business, revenues, results of operations and financial condition of AGS and its Group, the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes may be adversely affected by new laws or changes in the interpretation of existing laws.

4. Issuer's financing risks

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

From the second half of 2007 until the beginning of 2014, disruption in the global credit markets created increasingly difficult conditions in the financial markets. During this period, global credit and capital markets experienced unprecedented volatility and disruption and business credit and liquidity tightened in much of the world. In response to the crisis, assistance packages were granted to certain Eurozone countries; measures were also implemented to recapitalise certain European banks, encourage greater long-term fiscal responsibility on the part of the individual Member States of the European Union, bolster market confidence in the Euro as well as the ability of Member States to service their sovereign debt and to increase liquidity and reduce cost of funding. Improved consumer confidence, supported by the abovementioned measures has led to moderate growth in consumption. In particular, since 2014, global economic activity has started to recover, albeit with only moderate and varied intensity across the different Eurozone Countries. However, the recovery remains uncertain and burdened by continuing geopolitical tension in the short and medium term, owing to persistent weakness in the Eurozone and to economic and political uncertainties in some emerging markets. Ongoing concern about the debt crisis in Europe, as well as the so-called Brexit and possible further exit from the Eurozone of one or more Eurozone countries and/or the replacement of the Euro by one or more successor currencies to which the foregoing could lead, could have a detrimental impact on the global economic recovery and the repayment of sovereign and non-sovereign debt in certain countries, as well as on the financial condition of European institutions (both financial and corporate), further increasing the volatility in global financial markets. There can be no assurance that the market in Europe will not worsen, nor can there be any assurance that current or future assistance packages or measures will be available or, even if provided, will be sufficient to stabilise the affected countries and markets and secure the position of the Euro. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet its financial requirements and those of the Group may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, revenues, results of operations and financial condition of AGS and its Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

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

Disruption in the financial markets and the global financial system in general and related challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets (in this respect see also “*Risks related to the adverse financial and macroeconomic conditions within the Eurozone*” above). Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the AGS Group. Any worsening of general economic conditions in the markets in which it operates could adversely affect the business, revenues, results of operations and financial condition of AGS and its Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer’s ability to fulfill its obligations under the Notes.

The changes to the overall economy in AGS’s principal markets could have a significant adverse effect on AGS’s businesses and profitability.

The economy in Italy, and consequently in the Province of Trento as AGS Group’s principal market, was adversely affected in 2009 by a significant slowdown, with a direct impact on consumption. On a countrywide level, for example, 2009 saw the first reduction in demand for electric power and gas. It is expected that, for 2017 and for the near future, demand for energy will be substantially below the level achieved before the economic crisis. In addition, the decrease in demand for energy has put pressure on sales margins due also to greater competition, particularly in the natural gas sector. If demands continue to be sluggish or if there is another reversal in demand without corresponding adjustments in the margins charged by part of the AGS Group on its sales or without increase in its market share or without adjustment of tariffs by the AEEGSI, then AGS’s revenues could be reduced and future growth prospects could be limited. This could adversely affect AGS’s business, results of operations and financial condition and those of its Group, with a consequent adverse impact on the market value of the Notes and Issuer’s ability to fulfill its obligations under the Notes.

Risks relating to fluctuations in exchange rates.

The AGS Group is exposed to exchange rate risks in relation to cash flows connected to the purchase and/or sale of fuels and electricity on the international markets, cash flows related to investments or other financial income or expenses denominated in foreign currencies and indebtedness in currencies other than Euro.

Therefore, no assurance can be given that future significant variations in exchange rates would not materially and adversely affect the business, revenues, results of operations and financial condition of AGS and of AGS Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer’s ability to fulfill its obligations under the Notes.

AGS and the AGS Group is exposed to interest rate risk arising on its financial indebtedness.

AGS is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is at a floating rate. Even if AGS structured its indebtedness and terms of repayment in accordance with the expected cash flows, an unexpected and substantial increase of the rate could adversely affect the business, revenues, results of operations and financial condition of AGS and the AGS Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer’s ability to fulfill its obligations under the Notes.

Absence of a credit rating on the Issuer and on the Notes.

No credit rating has been assigned to the Issuer or the Notes. As a consequence, prospective investors cannot rely on a credit rating agency assessment on the Issuer’s capacity to fulfill its obligations, including payments due under the Notes and their redemption.

The Issuer is exposed to liquidity risk.

The liquidity risk encompasses the risk of not being able to possess sufficient liquidity at all times or of not being in a position to draw on required funds (including those that have already been committed) from investors and financial institutions in order to pay liabilities when due. Given the different maturities of the Issuer's liabilities, there is the risk that the Issuer might not be able to satisfy its current or future obligations in full or on time. The occurrence of the liquidity risk might have an adverse effect on the Issuer's financial position, cash flows and financial performance.

5. Market risks of the AGS Group

AGS and its Group has exposure to credit risk arising from its commercial activity.

For the different commercial activities (such as electricity distribution, gas distribution, district heating and water services), AGS implemented a central credit policy regulating the assessment of credit standing, the monitoring of expected collection flows, the issue of suitable reminders, the granting of extended credit terms if necessary, the taking of prime bank or insurance guarantees and the implementation of suitable recovery measures. Standard default interest is charged on late payments. Notwithstanding the foregoing, a single default by a major commercial counterparty, or an increase in current default rates by counterparties generally, could adversely affect the business, revenues, results of operations and financial condition of AGS and its Group and have a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfill its obligations under the Notes.

6. Risks associated with the Notes offered

The Notes may not be a suitable investment for all investors.

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

1. have the requisite knowledge and experience in financial and business matters to evaluate such merits and risks of an investment in the Notes;
2. have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
3. are capable of bearing the economic risk of an investment in the Notes; and
4. recognize that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

Prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions applicable to Notes shall not be considered to be investment advice or a recommendation to invest in the Notes.

No communication (written or oral) received from the Issuer or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

Every prospective investor bears the risk inherent in making the investment decision.

Potential investors are advised to base their decision to subscribe to the Notes on their personal situation and income, their expectations as to the results of their investments, and the long-term commitment of the capital they contribute. Every investor is advised to obtain professional advice regarding the Notes, the risks associated with them, and their structure before making an investment decision. There is the risk that investors may make uninformed investment decisions without taking into account the aforementioned criteria or without availing themselves of appropriate consultancy services – all of which may cause Noteholders to incur losses.

Investors are subject to the credit risk in respect of the Issuer.

Any person who purchases the Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Noteholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Notes. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due has not actually decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of such opinion, if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the Issuer's sector adversely changes. If any of these risks occur, third parties would only be willing to purchase the Notes for a lower price than before the materialization of such risk. The market value of the Notes may therefore decrease.

Investors in floating rate Notes are subject to the risk of uncertain interest income

In the case of Notes the interests to be paid by the Issuer are calculated as the Six Months Euribor increased of 370 bps. Any prospective investor in the Notes should be aware that a Noteholder of a floating rate Note is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of floating rate Notes in advance. Noteholder of floating rate Notes are thus subject to the risk of uncertain interest income.

Suspensions of trading could have negative effects on the liquidity and price of the Notes.

The FMA is authorised to suspend the trading of the Notes on various grounds (e.g. qualified breach of duty or for the purpose of combating market manipulations and insider trading). A stock exchange must suspend trading in securities of its own volition if the securities no longer fulfill the rules of the regulated market, unless such a step counteracts the investors' interests or the interest in maintaining the market's proper functioning. The FMA (as well as regulatory authorities in other countries of the European Economic Area) must request that trading be suspended if the stock exchange does not take the initiative itself in such cases, as long as this is in the interest of maintaining a functioning market and does not undermine investors' interests. Any suspension of trading with respect to the Notes may result in a decrease in their price and might cause Noteholders that sell their Notes prior to maturity to incur losses.

Delisting of the Notes

Application has been made in order to list for trading on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange the Notes issued pursuant to this Prospectus. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

The Notes are unsecured and are not subject to the system of deposit protection.

The Notes are unsecured liabilities of the Issuer, and no collateral has been provided to ensure fulfilment of the given obligations. In addition, the claims against the Issuer under the Notes are not subject to the deposit insurance systems of credit institutions and not guaranteed by the Republic of Austria or by Republic of Italy. As a result, investors are exposed to the Issuer's insolvency risk, and no collateral has been provided for the purpose of satisfying claims under the Notes.

Investors are exposed to the risk that reinvestment may be possible only on less favourable terms.

In the event of an early sale, redemption at maturity or early termination of the Notes by the Noteholders if a trigger event occurs under the terms and conditions of the Notes, there is no assurance that the Noteholders will find a suitable reinvestment option at conditions that are at least equivalent to those of the respective Notes. The same applies to interest payments received. In the event of early redemption, there is also the risk that the return on the investment will be lower than anticipated by the Noteholder.

Transaction cost and expenses can diminish the yield of the Notes.

The purchase, safekeeping, and sale of the Notes may entail commissions, fees, and other transaction costs that may result in costs that are disproportionately high in the case of smaller aggregate amounts. Such costs may materially reduce the income potential of the Notes.

Risks in connection with the settlement of Note acquisitions through clearing systems.

A variety of clearing systems are used for settling purchases and sales of the Notes. The Issuer assumes no responsibility for the Notes actually being transferred to the respective investor's securities account. There is the risk that the Notes are not actually transferred to the given investor's securities account. Hence Noteholders must rely on the functioning of the clearing systems and banks' IT-systems.

Risks on account of the Notes trading inactively or illiquidly.

Application has been made in order to list for trading on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange the Notes issued pursuant to this Prospectus. If the Notes are listed for trading after they are issued, they may trade below their offer price depending on prevailing interest rates, the market environment for comparable securities, general economic conditions and the Issuer's financial condition. Even though the application for listing in the Second Regulated Market operated by the Vienna Stock Exchange will be filed, there is no guarantee that the application will be granted and, even if it was, that an active market will develop. Hence investors shall bear the risk that the Notes cannot be sold at all or not at the desired time or at the desired price.

The Issuer may perform transactions that are not in the interest of the Noteholders, or conflicts of interests between the Issuer and the Noteholders may arise on other grounds.

The interests of the Issuer and the Noteholders may diverge. Additional debt securities issued by the Issuer may have adverse effects on the Notes' price. The Issuer may engage in transactions that affect the Notes directly or indirectly. These transactions may have a negative impact on the price of the Notes. Save for what expressly provided under the terms and conditions of the Notes, the Issuer is not obliged in all circumstances to notify Noteholders of such transactions.

Tax conditions could have an adverse effect on Noteholders.

Interest payments on Notes and/or profits that a Noteholder realizes when selling or upon redemption of the Notes may be taxable in the Noteholder's home country or in other countries. The general tax consequences for investors are described in the section entitled "*Taxation in Italy*". However, the actual tax consequences

for individual Noteholders may be different from those described for Noteholders in general. In this perspective potential Noteholders are advised to turn to their tax consultant regarding the tax consequences of an investment in the Notes. Moreover, applicable tax rules and regulations may change to the detriment of the Noteholders in the future. Failure to observe the tax consequences or un-favourable tax laws might have adverse effects on investments in the Notes.

Absence of a secondary market for the Notes.

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

Change of law

The Notes are subject to Italian law. However the Noteholders should be aware that, in certain circumstances, the applicable law may not be the law of their home country and that, in certain circumstances, the laws applicable to the Notes may not offer them protections that are equivalent to, or as adequate as, their own laws. In addition, no assurance can be given or statement made with respect to the consequences of any court ruling or amendment of Italian law (or the laws applicable in Italy) and/or customary administrative practices after the date of this Prospectus.

II. SELECTED FINANCIAL INFORMATION

Regarding the financial information relating to the Issuer, please refer to the last two approved financial statements, together with the relevant certification, incorporated by reference in this Prospectus. Please see Section VII - *Documents Incorporated by Reference*.

III. INFORMATION REGARDING THE ISSUER AND THE GROUP

1. History and development

Issuer's name

ALTO GARDA SERVIZI S.p.A. (“**AGS S.p.A**”) is a joint stock company (*società per azioni*), publicly owned and incorporated under Italian law, currently having its registered office at Via Ardaro 27 a Riva del Garda (<http://www.altogardaservizi.com>) in the province of Trento in the north-east Italy, telephone number 0039 0464 553565.

AGS S.p.A. has a fully paid-up share capital of Euro 23,234,016.00 and has registered with the Companies' Register of Trento under No. 162457.

AGS S.p.A. is operating in integrated multi-utility services market and directed and coordinated (*soggetta all'attività di direzione e coordinamento*) by the City of Riva del Garda that holds a participation of 56.63%.

History

The power company story in the Riva del Garda area, then became AGS S.p.A., begins in the early 1900. Some of the main events in the AGS S.p.A. history are shown below:

- 1912: The City of Riva del Garda, which already manages the electric plant of Ponale, forms the company named “*Impresa Elettrica Municipale*”.
- 1922: “*Impresa Pubblici Servizi*” (IPS) whose objective is to manage a new hydroelectric station, supplants the City of Riva del Garda.
- 1924: The production and distribution of electricity and water, in addition to other activities previously carried out by the City of Riva del Garda, such as road and real estate management, repairs, waste collection, “*polizia mortuaria*”, maintenance of gardens, posters blighting, is managed by *Impresa Pubblici Servizi*.
- 1925: Beginning of the realization of channel to make Ledro Lake's water pour into S Barbara. In order to cover the realization costs has been founded a consortium by The City of Riva del Garda and the City of Rovereto.
- 1927: Beginning of construction of the power plant in Riva del Garda.
- 1934: IPS becomes “*Azienda Municipalizzata Autonoma dei Pubblici Servizi*” because the City of Riva del Garda wants directly manage the services carry out by the company.
- 1936: The registered name of “*Azienda Municipalizzata Autonoma dei Pubblici Servizi*” changes in “*Azienda Municipalizzata Servizi Elettrici e Acquedotto*” (A.M.S.E.A.)
- 1980: After a difficult period characterized by two world wars and then an upgrading process of the corporate structure, the publicly managed companies start operating as private enterprise.
- 1986: A.M.S.E.A., previously acting as distributor, becomes a manufacturing firm and starts coordinating a range of activities managed with different municipalities. The 1986-1988 business plan indicates investments for circa Italian Lira 10 billion of investments including: circa Italian Lira 2 billion for the construction and the formation of the new reception node and its connection to Cretaccio, circa Italian Lira 2.5 billion for the upgrading of the aqueduct and the connection to Galleria tank,

circa Italian Lira 2.5 billion for the construction of the third lot of the natural gas network, intended to cover the distribution of the natural gas to the client's houses.

- 1998: After circa 60 years of operation, A.M.S.E.A. was transformed into a joint stock company (*società per azioni*), with a new denomination: Alto Garda Servizi S.p.A.
- 2001: AGS S.p.A. acquires Shen S.p.A., company operating in the field of hydroelectric power production through the power plant situated on the Adda River in Maleo (LO) Italia.
- 2003: Foundation of Alto Garda Servizi Commerciale S.p.A., company operating in the field of marketing of electricity, methane gas, potable water and sewer. In 2010, Alto Garda Servizi Commerciale S.p.A. is acquired by Trenta S.p.A.
- 2007: Launch of the new industrial project for the realization of a district heating network in Riva del Garda area, project agreed and supported by the municipality.
- Foundation of Alto Garda Power S.r.l., company owned by Cartiere del Garda for 80% and AGS S.p.A. for 20%, which the purpose is to realize an innovative combined heat and electricity power plant, in substitution of the one operating in Cartiere del Garda for the production of electricity and thermal energy.
- Beginning of the construction of the combined heat and electricity power plant and the district heating network.
- 2008: Coming into operation of the new combined heat and electricity power plant and finalizing of the district heating network in the first expansion zone, which has mainly developed in the lake area.
- 2009: Foundation of Alto Garda Servizi Teleriscaldamento S.p.A. for the management of district heating services.
- 2010: Finalizing of the district heating network in the second zone, extending upwards to Viale dei Tigli.
- 2011: Expansion of the district heating network to Baltera.
- 2012: Replacement of mechanical counters with telecontrol-managed electronic meters, and extension of the district heating network in Rione Degasperi area.
- 2013: Planning of the replacement of mechanical counters with telecontrol-managed electronic meters with reference to methane-gas, and extension of the district heating network in Via Grez area.
- 2014: Replacement of mechanical counters with telecontrol-managed electronic meters with reference to methane-gas.
- Founding of Ledro Energia S.r.l., wholly owned by AGS S.p.A., for the construction and management of the high efficiency cogeneration plant (combined heat and power production) which will power a district heating network in order to serve private and public clients, and a production line of pellet for heating
- 2015: Execution of the company reorganisation aiming at a greater efficiency in accordance with sectoral legislation and existing regulatory framework. In June 2015 the reorganization process has been finalized with a merger by acquisition with retroactive effect to 1 January 2015 of the Alto Garda Servizi Teleriscaldamento S.p.A. into Alto Garda Servizi S.p.A. This operation is in line with the

spending review policy which the municipalities must apply with reference to their subsidiaries, so having organizational, economic, administrative and financial benefits.

In July 2015: Sale of the entire participation in Shen S.p.A., realizing a significant capital gains and an injection of liquidity that has permitted to enhance financial health of the Group.

2016: Today the AGS Group offers public services in Comunità Alto Garda and Ledro area, including Arco, Dro, Nago-Torbole, Mori, Riva del Garda, Tenno e Valle di Ledro.

The Group is deeply rooted in the area and its strategy and activity are to strengthen this link, also in order to help develop the economy, the quality of work, quality of life of these communities, through the allocation of economic wealth.

2. Business overview

Overview

Alto Garda Servizi S.p.A. operates within Alto Garda area and carries out the following activities:

- (i) Distribution of electricity;
- (ii) Distribution of natural gas (methane);
- (iii) Sale of heat for customers connected to the district heating network situated in Riva del Garda;
- (iv) Production of electricity;
- (v) Integrated production of heating, electricity and pellet (please see Ledro Energia S.r.l. – Other Information);
- (vi) Integrated water services in Riva del Garda area;
- (vii) Public lighting management.

The Group offers public services in the entire Alto Garda and Ledro area: Arco, Dro, Nago-Torbole, Mori, Riva del Garda, Tenno e Valle di Ledro.

Main Area of activities

- (i) Distribution of electricity

The company distributes electricity within Riva del Garda and Nago Torbole area with an annual distribution of circa 80.7 GWh. The main figures are shown below:

Electricity supply		2015	2014
Medium voltage networks	km	96	96
Low voltage networks	km	97	96
Total meters (*)	no.	15.538	15.486

(Source: AGS)

(*) A meter means a device which, applied to a machine or in a plant, indicates the number of movements, operations or the amount of energy delivered.

(ii) Distribution of natural gas (methane)

The company distributes methane gas within Riva del Garda and Arco area with an annual distribution of circa 40.1 mc. The main figures are shown below:

Gas network		2015	2014
Medium pressure networks	Km	33	33
Low pressure networks	km	124	123
Total meters (*)	no.	16,255	16,161

(Source: AGS)

(*) A meter means a device which, applied to a machine or in a plant, indicates the number of movements, operations or the amount of energy delivered.

(iii) Sale of heat to customers connected to the district heating network situated in Riva del Garda

The company distributes methane gas within Riva del Garda and Arco area with an annual distribution of circa 42.1 GWh. The main figures are shown below:

District heating network		2015	2014
Network extension	km	24.2	23.2
Total Customers	no.	261	256

(Source: AGS)

(iv) Production of electricity

The company produces electricity through two power station located in the Riva del Garda aqueduct with an annual production of circa 785 MWh.

(v) Integrated water services in Riva del Garda area

The company distributes potable water in Riva del Garda area with an annual distribution of 1.8 million mc. The main figures are shown below:

Water network		2015	2014
Network extension	km	102	101
Total meters (*)	no.	10,384	10,223

(Source: AGS)

(*) A meter means a device which, applied to a machine or in a plant, indicates the number of movements, operations or the amount of energy delivered.

(vi) Public lighting management

The company manages public lighting system in Riva del Garda and Nago-Torbole areas for a total of 1,022 City lights.

Other information

Ledro Energia S.r.l., wholly owned by AGS S.p.A., has realized a high efficiency cogeneration plant (combined heat and power production) which will power a district heating network in order to serve private and public clients, and a production line of pellet for heating.

AGS is one of the first player providing the district heading services by means of a plant directly owned and the related grid. The production is delivered to the customers through underground pipes and in each building served there are heat exchanger (“*scambiatore di calore*”) powered by a sole central plant.

At the date of this Prospectus, AGS serves several public structures and urban clients. The district heading activity is subject to the common authorization to provide the services, without any particular restriction.

In the very next future, AGS Group will run a cogeneration plant in accordance with the principal of *short productions steps*. The cogeneration plant will allow AGS Group to: (i) produce power; (ii) provide district heading; and (iii) commercialize pellet manufactured by the same cogeneration plant.

With reference to Ledro Energia S.r.l., an interesting development is foreseen, due to both the particular geographical placement (rich of forests) and the regional prospection, close to the boards of Austria and – in general – the main European area of Tirol, where are placed and working several similar plants.

3. Selected financial information and discussion

Main Figures

(thousand of Eur)

	2015	%	2014	%	2014 proforma	%
production value	11,722	100.00	8,638	100.00	11,519	100.00
production cost	(5,762)	(49.15)	(4,130)	(35.85)	(6,063)	(52.63)
Added Value	5,961	50.85	4,508	64.15	5,456	47.37
Personnel Costs	(3,121)	(26.62)	(2,956)	(25.66)	(3,137)	(27.23)
Gross operating margin	2,840	24.23	1,552	13.47	2,319	20.13
amortization, depreciation, write-downs	(2,265)	(19.32)	(1,531)	(13.29)	(2,322)	(20.16)
Net operating margin	575	4.91	21	0.18	(3)	(0.03)
Financial operations	2,871	24.50	1,257	10.91	1,192	10.35
Extraordinary operations	(16)	(0.14)	(22)	(0.19)	8	0.07
Pre-tax result	3,431	29.26	1,256	10.90	1,197	10.39
Taxes	(384)	(3.27)	(77)	(0.67)	1	0.01
Net result	3,047	25.99	1,179	10.23	1,198	10.40

(Source: Financial Statements of AGS)

Income statement

The figures of the pro-forma financial statements at 31 December 2014 will be prepared in order to allow a homogeneous comparison between the Financial Statements at 31 December 2015 and those of the previous year. Therefore, the comments reported below also refer to the aggregate data of Alto Garda Servizi Teleriscaldamento S.p.A. and Alto Garda Servizi S.p.A for both 2015 and 2014.

AGS S.p.A. closed the year 2015 with a net profit of Euro 3,047 thousand compared to Euro 1,198 thousand in the previous year. This result is due to the important capital gain realized on the sale in July 2015 of the entire shareholding in the company Shen S.p.A.

The 2015 income statement compared to the 2014 pro-forma shows an increase in revenues and a reduction in operating costs resulting in a higher gross operating margin of Euro 521 thousand compared to the previous year.

Compared to 2014, a particularly hot and dry year, there was in fact an increase in revenues and in the margin of sales of heat and revenues of the water sector.

In 2015, there were also other positive aspects such as an increase in revenues for connections and a decrease in expenses for maintenance, accompanied by an optimization of inventory management as well as the preferential use of internal staff in the performance of work.

Instead, the net operating margin showed an increase of Euro 578 thousand compared to 2014 pro-forma due to lower allocation for doubtful accounts and lower amortisation and depreciation totalling Euro 57 thousand.

The 2015 financial management reported a profit of Euro 2,871 thousand, with an increase of Euro 1,679 thousand compared to 2014 impacted by the extraordinary sale of the entire shareholding of AGS SpA in Shen S.p.A.

The pre-tax result thus amounted to Euro 3,430 thousand, with an increase of about Euro 2,234 thousand compared to the previous year. We highlight that this increase is also largely attributable to the sale of Shen S.p.A. Beyond this extraordinary item, the pre-tax result would have amounted to Euro 1,626 thousand, compared to Euro 1,197 thousand in the previous year, with a net improvement of approximately Euro 429 thousand, attributable to the improvements in the operating margin mentioned previously.

Lastly, in terms of taxes, we note the adjustment of deferred tax assets, with a consequent negative effect on the net result, following the change in income tax rate (IRES) to 24% introduced as of 2017 by the Italian Stability Law.

Balance sheet

Please find below some details about Financing Capital as of 31 December 2015:

Thousand of Euro

	2015	%	2014	%	2014 proforma	%
Fixed assets	50,515	85	43,896	85	52,695	85
Current assets	8,985	15	7,529	15	9,181	15
Net Invested Capital	59,500	100	51,425	100	61,876	100
	2015	%	2014	%	2014 proforma	%
Shareholders' Equity	41,862	70	38,914	76	39,441	64
Minorities' capital	17,638	30	12,511	24	22,435	36
Financing Capital	59,500	100	51,425	100	61,876	100

(Source: Financial Statements of AGS)

Thousand of Euro	
	2015
Fixed Assets	50,515
Current assets	8,985
Net Invested Capital	59,500
	2015
Shareholders' Equity	41,862
other risks provisions	46
Employee Severance Indemnity (TFR)	708
Bonds	5,000
Payables to banks	6,016
Payables to suppliers	1,408
Payables to subsidiaries	7
Payables to associated companies	177
Payables to parent companies	915
Tax payables	151
Payables to pension and social security institutions	210
Other payables	1,387
ACCRUALS AND DEFERRALS	1,613
Minorities' capital	17,638
Financing Capital	59,500

(Source: Financial Statements of AGS)

AGS S.p.A. shows a solid and balanced situation. Fixed Assets constitute 85% of the Total Assets and are covered by shareholders' equity for 83%. The change in Fixed Assets primary reflects the sale of the participation in Shen S.p.A. realized in 2015. Liabilities and Equity show an increase in the incidence of Equity and a consequent decrease in financial debt.

Financial situation

At 31 December 2014 AGS S.p.A. had a negative Net Financial Position of Euro 6.3 million. The merger with AGS Teleriscaldamento S.p.A. led to the undertaking of the financial commitments contracted by the company for the construction of the district heating network and therefore the Net Financial Position at the beginning of 2015 was negative for a total of Euro 15.9 million.

Nevertheless, the Net Financial Position at the end of 2015 has been reduced to Euro 10.5 million, with an improvement of Euro 5.3 million made possible from the sale of the participation in Shen S.p.A. and from the cash flow generated by company's operations.

Activities by sector

Proceeds

The production value indicated in the financial statements amounted to Euro 11.72 million compared to Euro 11.52 million of the previous year (proforma financial statements). The change in revenue by business area are show below.

	2015 (qty. distributed)	2014 (qty. distributed)	Difference %
GWh (Electricity)	80.7	79.8	1.13%
Mcm methane gas	40.1	32.2	24.53%
ml. mc. (Water)	1.8	1.7	5.88%
Mwh (Heat)	42,079	38,817	8.40%

(Source: Financial Statements of AGS)

Million of Euro

	2015	2014	Difference
Electricity	4.1	4.1	0.00%
Methane gas	2.5	2.4	5.42%
Water/sewage	1.5	1.5	2.40%
Heat	3.1	2.9	6.90%
Other revenues	0.5	0.6	-16.67%
Total	11.7	11.5	2.31%

(Source: Financial Statements of AGS)

(i) *Electricity sector*

In 2015, the energy that transited in the network increased by 1.13% compared to the previous year. The turnover from distribution did not change significantly compared to the previous year as the restriction to revenues is not based on the quantity of raw material distributed but on the investments made by the company and on the number of users served.

(ii) *Methane gas sector*

In 2015, the demand for gas recorded an increase of 24.53% compared to the previous year. This performance was due to higher civil consumption that in 2014 had been particularly low due to the mild winter weather but also to the increased use of gas for production use in the territory recorded in 2015. Similarly, to as specified for the electricity sector, the gas sector also has a constraint to revenues based on the number of meters installed and the amount of investments made. For equalization purposes, the year 2015 benefited from the effect resulting from the replacement of existing meters with other ones more compliant with local regulations.

(iii) *Aqueduct cycle sector*

In 2015, the quantities of the water sector recorded an increase compared to the previous year. As already noted, this trend is mainly due to the climatic trend of the year.

(iv) *District heating sector*

The increase in sale is due to the fact that 2015 was a standard thermal period in climate terms, contrary to year 2014 which has mild temperature in winter period. The increase in sales in the sector is essentially due to the fact that the year 2015 qualifies as a “normal” thermal year from the climatic point of view, in contrast to 2014, when temperatures were particularly mild in the winter months.

(v) *Other revenues*

Other revenues are in line with the previous year.

Costs

With regard to production costs, their overall trend marks a decrease compared to 2014 from Euro 11.5 million to Euro 11.1 million. For the mere sake of comparison, we present below a brief summary of costs in 2015 compared to costs in 2014 (proforma financial statements).

Thousand of Euro

	2015	2014 proforma	Difference	Difference (%)
Raw material	681	890	(209)	-23.48%
Heat purchases	1,420	1,703	(283)	-16.62%
Maintenance	510	540	(30)	-5.56%
Costs for services	2,117	2,096	21	1.00%
Leasehold improvements	393	363	30	8.26%
Personnel costs	3,121	3,137	(16)	-0.51%
Amortisation and depreciation	2,265	2,322	(57)	-2.45%
Other operating expenses	642	472	170	36.02%
Total	11,149	11,523	(374)	-3.25%

(Source: Financial Statements of AGS)

Costs for the raw material, also considering the change in inventory, showed a decrease of Euro 209 thousand.

Lower costs for the procurement of heat showed a decrease due to the decline in rates and the favourable trend in the “take or pay” contract.

We highlight that costs for services, equal to Euro 2.44 million, while in line with the year 2014 (Euro 2.47 million) include cost items related to extraordinary transactions in the period, including the sale of the investment in Shen S.p.A.

Costs for rents and leases recorded a slight increase compared to the previous year while personnel costs are in line with the previous period.

Amortisation and depreciation were slightly lower than the year 2014, respectively, by Euro 18 thousand and Euro 40 thousand.

We highlight that the increase in other operating expenses essentially reflects the effect of the gas service equalization system and that this increase was offset by higher revenues recorded in the gas sector.

Investments

Investments made in 2015 amounted to Euro 1.77 million compared to Euro 1.68 million in the previous year. Investments are detailed in the following table and described by sector.

Thousand of Euro

	2015	2014	Difference	Difference (%)
Electricity service	722	910	(188)	-20.68%
Gas service	255	290	(35)	-12.19%
Water service	159	147	12	8.46%
District heating service	449	227	222	97.80%
Other services	183	109	74	67.89%
Total	1,768	1,683	85	5.04%

(Source: Financial Statements of AGS)

(i) *Electricity sector*

In 2015 the company has continued activities aimed to improve the infrastructures, in particular working on the medium- and low-voltage networks and on cabins.

Investments made in the electricity sector in 2015 amounted to Euro 722 thousand compared to Euro 910 thousand in 2014.

In 2015, the Company continued activities to improve the electricity infrastructure through a series of work on medium and low voltage networks and stations.

(ii) *Methane gas sector*

Investments made in the gas sector amounted to Euro 255 thousand including, in accordance with the provisions of the authority, the migration of the electronic meters.

(iii) *Aqueduct cycle sector*

The investments in 2015 amounted to Euro 159 thousand, mainly relating to new connections.

(iv) *District heating sector*

In 2015, resources were invested for Euro 449 thousand mainly regarding new connections and arrangement of road sections crossed by the district heating network. The investments in 2015 amounted to Euro 449 thousand, mainly relating to new connections and arrangement of road sections crossed by district heating network.

(v) *Common investments*

Common investments amounted to Euro 183 thousand compared to Euro 109 thousand in the previous period and include merger costs for approximately Euro 26 thousand, investments in optical fibre for Euro 44 thousand euro, investments in remote control for about Euro 18 thousand, work on the headquarters for Euro 20 thousand. The remainder regards the purchase of software and the replacement of some vehicles.

Significant events during the last period

In 2015, the merger was finalized between the merging company AGS S.p.A. and the merged company AGS Teleriscaldamento S.p.A.

AGS therefore included the management of district heating in the Municipality of Riva del Garda and acquired a package of 261 customers connected to the network and incorporated the assets of the district heating network with a book value of Euro 17.3 million and the related staff.

Another significant event in the period concerns the sale of all the shares of Shen S.p.A. in July 2015.

4. Regulatory Environment

Aqueduct cycle sector

For the water service, the various measures taken, both at national level and at the provincial level, have reaffirmed and strengthened the principle of the management of the water service for within territorial ambit of ATOs (“*Ambiti Territoriali Ottimali*”).

The Autonomous Province of Trento, the competent authority for this matter, extended the deadline for the definition thereof to 31 December 2016 and the related agreement with the Consortium of Municipalities to 30 June 2017.

Once the ATO have been approved, the service management will have to go to ATOs. The provincial legislation also provides that the management in place, which does not coincide with the optimal territorial area, and therefore the management of AGS SpA for the territory of the Municipality of Riva del Garda, may continue until 31 December 2017, i.e. until the deadline by which everything will pass to the new manager, ATOs.

Methane gas sector

AGS S.p.A. manages the distribution service of methane within the competent territory defined in the concessions granted by the competent local authorities.

These concessions are currently expired and will be granted by means of a tendering procedure.

The competent provincial authority of Trento has defined by resolution no. 73/2012 the geographical area within operating the service in question, as the entire provincial territory. The award of the methane distribution services within this geographical area will be subject to a public tender procedure and, once the concession is awarded, the entity appointed has to absorb the operation of the outgoing manager.

The competition is expected to be in April 2017 and the provincial authority of Trento acts as contracting authority.

AGS S.p.A. continues to manage the existing service until the tender is awarded.

Given the size of the area to service and the significant financial sources needed, AGS S.p.A. cannot take part for itself in the tender.

Electricity sector

AGS S.p.A. distributes electricity on the territory within its jurisdiction pursuant to the concessions granted by the competent local authorities. These concessions will expire 31 December 2030.

District heating sector

AGS S.p.A. manages the district heating distribution and marketing services on its network based on Riva del Garda in accordance with the authorizations issued by the Municipality of Riva del Garda.

The district heating production is operated by Alta Garda Power S.r.l. (20% owned by AGS S.p.A.), with which the contract for the supply of energy carriers was established.

5. Material Contracts

It is noted that the revenues deriving from the distribution of electricity and the distribution of natural gas are originated by payments made directly by wholesalers, nevertheless to the collection made by the consumer.

In addition, it should be noted that the distribution of electricity and gas sectors are regulated sectors: therefore any resolution of the relevant authority (i.e.: *Autorità per l'Energia Elettrica ed il Gas e Servizio Idrico*, AEEGSI) could affect the revenues and costs structure, as well as influencing the organizational structure.

In relation to the main significant agreement of AGS S.p.A., we will refer in particular to the concessions and other service contracts reported in detail to paragraph 4 (Regulatory Environment).

Moreover, we would like to make in evidence the following:

- a) the agreement signed between the company and AGPower s.r.l., of which AGS S.p.A. holds 20% of share capital: this agreement regulates the supply of thermal energy that is distributed by AGS S.p.A. through the district heating network, such as infrastructure owned and managed by the same AGS S.p.A.;
- b) the agreements between the company and any single consumer (i.e.: inhabitants of Riva del Garda) regulating the heating supply through the district heating network.

6. Litigation and Arbitration

Currently AGS S.p.A. is not engaged in any litigation or dispute.

Anyway, with reference to the plant of Ledro Energia S.r.l., in February 2016 a committee filed a claim with the Regional Administrative Court of Trento (“*TAR di Trento*”), disputing the authorizations issued by the Municipality of Ledro and the Autonomous Province of Trento (“*Provincia Autonoma di Trento*”). In addition, a petition (“*ricorso cautelare*”) was presented to interrupt the works of construction.

Ledro Energia S.r.l. was formed as interested party (“*parte interessata*”), having all the authorizations for the construction of the plant. In August 2016, the proceedings (“*procedimento cautelare*”) were judged in favor of Ledro Energia S.r.l.

On 4 November 2016, with the judgement No.369/2016, the Regional Administrative Court of Trento (“*TAR di Trento*”) has rejected the petition confirming the validity of the contested acts, so judging in favor of Ledro Energia S.r.l. The abovementioned judgement may be appealed towards the State Council (“*Consiglio di Stato*”) within the 10 January 2017.

7. Organizational Structure, Corporate Governance and Shareholders

7.1. *Organizational Structure*

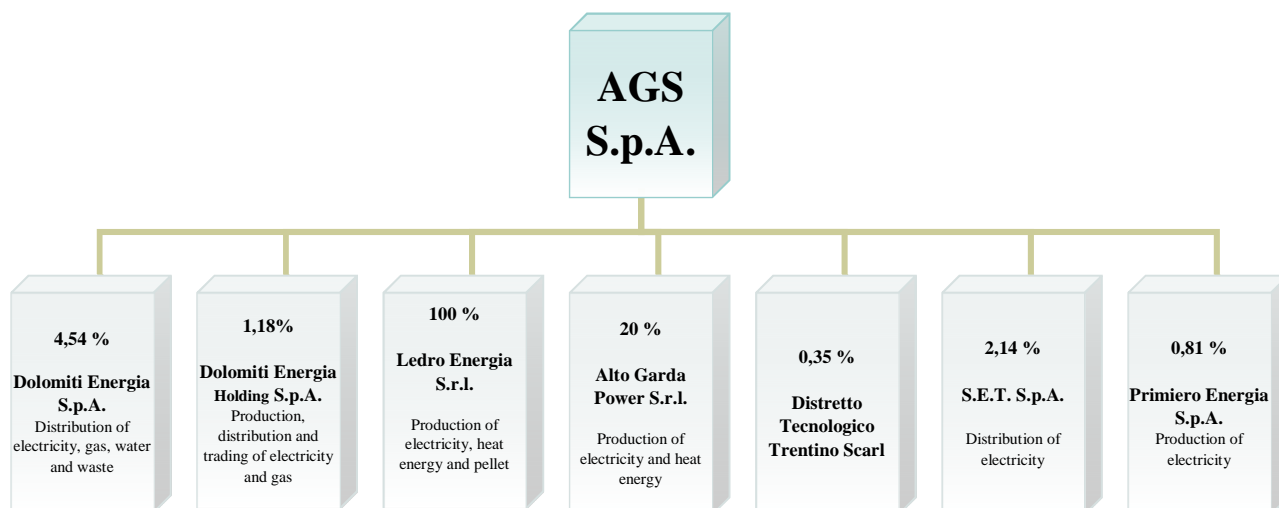
AGS Group includes the parent company Alto Garda Servizi S.p.A. and its subsidiary Ledro Energia S.r.l. in addition to a number of minorities.

During 2015 the Board of Directors presented a project of reorganization of the entire group to the Shareholders Meeting (“*Assemblea dei Soci*”); the project of reorganization of the group provided for the incorporation of the subsidiaries into the parent company AGS S.p.A.

In June 2015, the project in object was started through the incorporation of company named Alto Garda Servizi Teleriscaldamento S.p.A. into AGS S.p.A.; the economic effect of the transaction started from January 1, 2015.

It is important to underline that this transaction keep with the attention to the spending review in which all the public entities are expected in relation to its subsidiaries.

Following it is reported the organizational structure of the company as at the date of this Prospectus:



(Source: AGS)

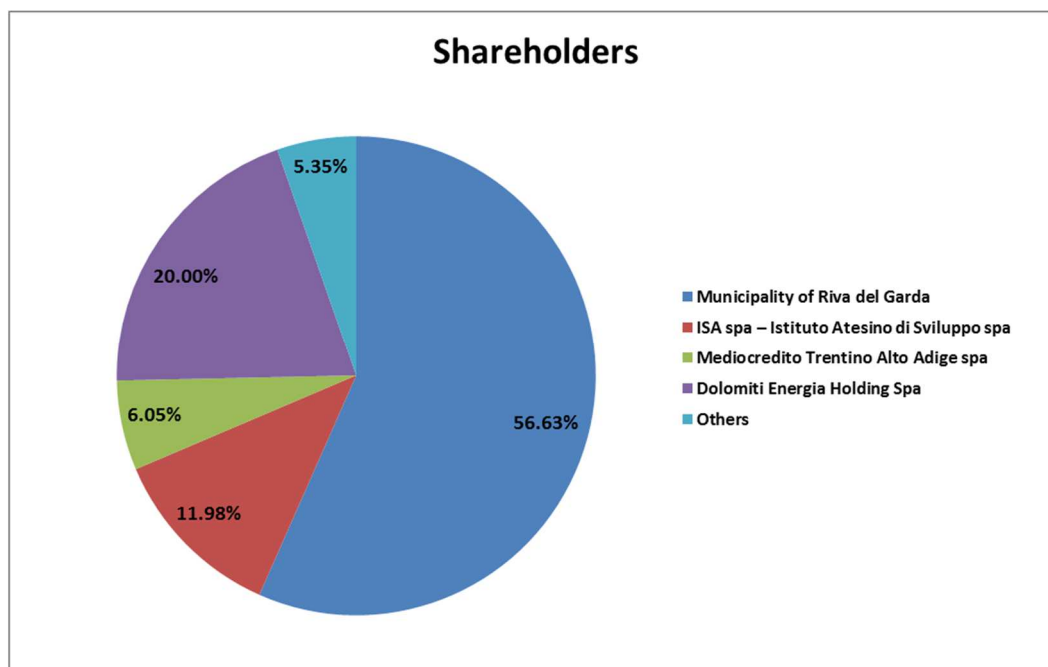
7.2 Shareholders

At the date of this Prospectus the Municipality of Riva del Garda is the major shareholder of the company, owing the majority of the equity capital of the same company.

At the date of this Prospectus, there are not shareholders' agreement that may determine in the future a significant change of the shareholders and/or a change of control of the same Issuer.

Furthermore it is noted that article 5 of the By Law of the company is disciplined that the Municipality of Riva del Garda and the other Municipalities of Alto Garda and Val di Ledro must hold a number of shares not less than 51% (fifty one percent) of the share capital.

Following it is reported the shareholders structure of the company:



(Source: AGS)

Major shareholders

Agreements regarding the control of the Issuer

The Issuer is unaware of any agreements that might lead to a change of control with respect to the Issuer at a later date if executed.

Measures in place to ensure major shareholder control is not abused

As described in the financial statements of the Issuer, the Issuer has not carried out activities with related parties (including its shareholders) under conditions different from normal market conditions. In this perspective, all the transactions carried out by the Issuer with its related parties (including its shareholders) are carried out in compliance with all the applicable law and regulation and in any case in a way which ensures transparency and substantial and procedural fairness of such transactions.

7.3 Administrative, Management, and Supervisory Bodies

BOARD OF DIRECTORS

Name and Surname	Role	Place and Date of Birth
Andrea Mora	Executive Chairman	Riva del Garda, 03 February 1966

Manuela La Via	Director	Milano, 27 September 1971
Lara Marcabruni	Director	Rovereto, 24 September 1970
Marco Merler	Director	Trento, 23 June 1965
Fabrizio Veneri	Director	Cles, 21 January 1958

All the Members of the Board of Directors are domiciled for their role at the registered office of the Company.

Herebelow is a summary of the activities carried out by each members of the Board of Directors outside of the Company:

- Andrea Mora domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as accountant (“*dottore commercialista*”) in his accounting firm and acts as director and member of the supervisory council of various companies.
- Manuela La Via domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
She acts as accountant in her accounting firm and acts as director and member of the supervisory council of various companies.
- Lara Marcabruni domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
She acts as lawyer in her law firm.
- Marco Merler domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as managing director of the company named “Dolomiti Energia Holding S.p.A.” and covers other corporate roles in the Dolomiti Energia Group.
- Fabrizio Veneri domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He is manager of the Istituto di Sviluppo Atesino S.p.A. and covers other roles in other companies.

BOARD OF STATUTORY AUDITORS

Name and Surname	Role	Place and date of birth
Michela Zambotti	Executive Chairman	Tione di Trento, 24 May 1964
Luigino Di Fabio	Auditor	Arco, 12 February 1969
Nicola Lenoci	Auditor	Canosa di Puglia, 18 February 1969
Betta Augusto	Alternate Auditor	Riva del Garda, 8 September 1959
Rodolfo Marcolini	Alternate Auditor	Riva del Garda, 15 April 1957

The members of the Board of Statutory Auditors are domiciled for their role as follows:

- Michela Zambotti domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
She acts as accountant in her accountant firm and acts as director and member of statutory auditors of various companies.
- Luigino Di Fabio domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as accountant (“*dottore commercialista*”) in his accounting firm and acts as director and member of statutory auditors of various companies.
- Nicola Francesco Lenoci domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as agent of the bank Mediocredito Trentino Alto Adige S.p.A and covers various roles in other companies.
- Rodolfo Marcolini domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as accountant (“*dottore commercialista*”) in his accounting firm and acts as directors and member of the statutory auditors of various companies
- Augusto Betta domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda
He acts as accountant (“*dottore commercialista*”) in his accounting firm and acts as directors and as member of the statutory auditors of various companies.

MANAGEMENT

Name and Surname	Role	Place and date of birth
Ruggero Moser	General Manager	Trento, 31 March 1966
- <u>Ruggero Moser domiciled at Alto Garda Servizi S.p.A. Via Ardaro, 27 38066 Riva del Garda</u>		
He acts as general manager of the Company.		

7.4 *Conflicts of Interests*

As of the date of this Prospectus, these are the possible conflicts of interests regarding the members of the Administrative, Management, and Supervisory Bodies of the Company:

- (i) Mr. Merler who is director of the Company is also the Managing Director of Dolomiti Energia Holding S.p.A. a company which holds the 20% of AGS and with which AGS has commercial agreements.
- (ii) Mr. Nicola Francesco Lenoci is an agent of Mediocredito Trentino Alto Adige S.p.A, a bank which holds the 6.05% of AGS and with which AGS has loan agreements.
- (iii) Miss. Michela Zambotti is an effective statutory auditor of Cassa Rurale Alto Garda which holds the 1.03% of AGS and with which AGS has a loan agreement.

IV. INFORMATION REGARDING THE NOTES

*The following is the entire text of the terms and conditions of the Notes (the “**Terms and Conditions**”). In case of conflict between the Italian version of these Terms Conditions and the English version of the same, prepared for the purposes of the listing of the Notes as provided for in this Section, the Italian version shall prevail for all intents and purposes.*

TERMS AND CONDITIONS OF THE

“PRESTITO OBBLIGAZIONARIO AGS SPA 2014 - 2023” 5,000,000.00 UNCONVERTIBLE FLOATING RATE NOTES ISSUED BY ALTO GARDA SERVIZI S.p.A.

ISIN Code IT0005031528

TERMS AND CONDITIONS OF THE NOTES

Article 1 – Amount, notes and the circulation of the Notes

These terms and conditions (the “**Terms and Conditions**”) regulate the issuance of the notes “AGS SPA 2014-2023” (the “**Notes**”), issued by Alto Garda Servizi S.p.A. having its registered office in Riva del Garda, Via Ardaro 27, share capital equal to Euro 23,234,016.00, enrolled in the company register of Trento, VAT number and Fiscal Code no. 01581060223 (the “**Issuer**”). The issuance of Notes consists in 50 (fifty) unconvertible floating rate Notes, having each a nominal value of Euro 100,000.00 (hundred thousand/00) (the “**Individual Nominal Amount**”). The aggregate nominal amount of the Notes is equal to Euro 5,000,000.00 (five million/00) (the “**Aggregate Nominal Amount**”).

The issuance of the Notes has been approved with a resolution of the Issuer’s board on 1 July 2014.

The Notes are not divisible and have 18 (eighteen) coupons of interest expiring on bi-annual basis. The Notes are issued in bearer form and dematerialised form and will be registered with Monte Titoli S.p.A. pursuant to the relevant law and regulations. Therefore, any transaction regarding the Notes and the exercise of the relevant administrative and economic rights may be carried out only by way of intermediaries who take part to the Monte Titoli S.p.A system pursuant to the provisions under articles 80 and following of the Legislative Decree No. 58 of the 1998 (the “**Financial Services Act**”). The possibility to request the printing or the material delivery of the titles incorporated the Notes is not admitted. It being understood that is possible to require the issuance of the certification pursuant to articles 83-*quinquies* and 83-*sexies* of the Financial Services Act.

The ISIN code issued by the Bank of Italy with reference to the Notes is the following: IT 000 5031528.

Article 2 – Subscription and transfer of the Notes

The subscription and the subsequent transfer of the Notes shall be reserved only to entities which qualify as qualified investors, as defined in article 100 of the Financial Services Act, meeting the requirements set forth in article 32 of Law decree No. 83 of the 22 June 2012, as subsequently amended and implemented (the “**Qualified Investors**”).

The subscriber and the subsequent buyer, on the date of the subscription or the subsequent purchase, undertake to send an appropriate written certification and in a free form attesting that they meet all the requirements set outs under the law and regulations above.

The Notes have been issued under an exemption from the requirement to publish a prospectus for offer of the Notes pursuant to and for the effects of the article 100 of the Financial Services Act and article 34-ter of the CONSOB Resolution No.11971/1999, as subsequently amended and supplemented.

The Notes, furthermore, have not been and will not be registered pursuant to the U.S. Securities Act of the 1933, as subsequently amended, or pursuant to other relevant laws, or pursuant to the correspondent laws in force in Canada, Australia, Japan or any other country in which the sale and/or the subscription of the Notes is not permitted by the relevant authority.

Without prejudice for the above, the subsequent transfer or re-sell of the Notes in any of the abovementioned country or in any country (other than Italy) made to subject which are not resident in Italy or to entity which are not incorporated in Italy, shall be carried out only:

- (i) if the transfer or re-sell is expressly permitted by the laws and regulations applicable in the relevant countries in which the Notes are transferred or re-sold; or
- (ii) if the laws and the regulations applicable in such countries permit by way of some derogation the circulation of the Notes.

The transfer of the Notes shall be made in compliance with all the existing laws and regulation applicable in general to the notes.

Article 3 –Use and offer period

The Notes will be offered only to Qualified Investors and will be assigned on the basis of the order of subscription. The Notes can be subscribed starting from the period comprised between the 10 July 2014 and the 14 July 2014 (the “**First Offer Period**”) and in case that the whole issuance of Notes have not been subscribed within the expiration of the First Offer Period, in the period starting from the 16 July 2014 until the 30 September 2014 (the “**Second Offer Period**” and, together with the First Offer Period, the “**Offer Period**”), with settlement on the basis of the market practice and in any case within the 30 September 2014 (each of them, a “**Settlement Date**”).

If the Settlement Date is subsequent to the Effective Date (as defined below), at the moment of the subscription of the Notes may be requested to the subscribers of the Notes (the “**Noteholders**”), in addition to the payment of the Issuance Price, also the payment of an amount equal the gross interests accrued on the Notes starting from the Effective Date and until the Settlement Date.

In case the subscription of the Notes will not occur within the expiration of the First Offer Period, the Issuer may, without the consent of the Noteholders who have subscribed the Notes during the First Offer Period, offer and issue in different tranches the Notes, up to the Aggregate Nominal Amount, provided that the all the Notes issued shall have the same terms and conditions and the same ISIN code of those Notes subscribed in the First Offer Period in order to create a single series with such Notes.

If the Notes have not been totally subscribed within the 30 September 2014, the Notes will be deemed as partially subscribed up to the amount subscribed until such date.

Upon the meeting of the Aggregate Nominal Amount, the Issuer, in any time during the Second Offer Period, may early terminate the subscriptions procedure, by suspending the acceptance of additional potential subscription requests, by giving an appropriate notice to be published on the website of the Issuer: www.altogardaservizi.com.

Article 4 – Issue Price

The Notes are issued at par i.e. at a price equal to 100 per cent. of their Individual Nominal Amount (the “**Issue Price**”), without other expenses or commissions to be applied to each Noteholder.

The Notes are issued and denominated in Euro.

Article 5 – Use and expiration

The Notes have been issued on 15 July 2014 (the “**Issue Date**”) and the relevant interest accrue on the Notes starting from 15 July 2014 (the “**Effective Date**”) and until the date of redemption of the Notes, which is the 30 June 2023 (the “**Maturity Date**”), without prejudice to the early redemption events set forth in Article 12 below.

If the Maturity Date falls on a day which is not a Business Day, the relevant date shall be postponed to the immediately following Business Day and no further amount shall be due to the Noteholders for such postponement.

Article 6 – Interests

Each Notes bears interest at the nominal annual gross rate determined as follows (the “**Interest Rate**”): 6 months Euribor (*Euro Interbank Offered Rate*)/365 with value date falling on the last day of the month preceding the relevant semester (which is the 30 June and 31 December of each year) increased of 3,70% (the “**Spread**”).

The interests applying to the first coupon expiring on 31 December 2014 shall be calculated by applying a rate of interest equal to 4.00% (fourpercentcommazerozero).

Interests shall be paid, semi-annually in arrears, on 30 June and 31 December of each year (each a “**Payment Date**”), starting from the first Payment Date falling on 31 December 2014.

Interest on amounts due in relation to the Notes shall cease to accrue on the earlier of the following dates:

- (i) the Maturity Date; and
- (ii) upon occurrence of an early redemption event under Article 12 below on the relevant Early Redemption Date (as defined below).

The amount of each interest coupon will be calculated by multiplying the Individual Nominal Amount of each Notes for the Interest Rate.

The biannual interests are calculated on the basis of the number of effective days of the relevant Interest Period on a number of days comprehended in the calendar year (365 or, in the event of a leap year, a 366 day year) — pursuant to the convention Act/Act unadjusted, as intended in the market practice.

The amount of each interest coupon shall be rounded to the nearest Euro cent (0.005 rounded up to the nearest Euro cent).

“**Business Day**” means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (TARGET2) applies for the payments in Euro.

“**Interest Period**” means the period included between a Payment Date (included) and the subsequent Payment Date (excluded), or, limited to the first interest period only, the period between the Effective Date (included)

and the first Payment Date (excluded), provided that where a Payment Date falls on a day which is not a Business day and is so postponed to the first following Business Day, in the context of the calculation of the effective days of the relevant interest period, this change of date will be not considered (*Following Business Day Convention - unadjusted*).

Article 7 – Redemption

The Notes will be redeemed at par in a bullet payment on the Maturity Date.

Article 8 – Servicing of the Notes’ cash flow

The payment of the expired coupons and the redemption of the Notes will be made through the authorised intermediaries adhering to the Monte Titoli S.p.A.

Article 9 - Statute of limitation and time-barring

The Noteholders’ rights shall become time-barred (*prescritti*), as to the payment of interest, within 5 (five) years from the date on which a payment in respect thereof becomes due and payable and, as to the repayment of principal, within 10 (ten) years from the date on which the Notes became payable.

Article 10 - Status of the Notes

The Notes are direct, unconditional and unsubordinated obligations of the Issuer and rank equally with all other outstanding, unsecured and unsubordinated obligations of the Issuer (present and future), unless such obligations are accorded priority under mandatory provisions of statutory law.

Article 11 – Noteholders’ Board

As to the protection of the Noteholders’ common interest and rights, the provisions set out in articles 2415 *et seq.* of the Italian Civil Code shall apply.

Pursuant to Article 2415 of the Italian Civil Code, the Noteholder’s meeting (the “**Noteholders’ Board**”) resolves on:

- (1) the appointment and revocation of the Noteholders’ common representative (the “**Common Representative**”);
- (2) amendments to the Notes’ conditions;
- (3) the proposal of extraordinary administration (*amministrazione straordinaria*) and composition with creditors (*concordato*);
- (4) the establishment of a fund for necessary expenses to protect common interests and the relevant report;
- (5) other matters of common interest to the Noteholders.

Pursuant to the Article 2415, paragraph 2, of the Italian Civil Code, the Noteholders’ Board is convened by the Issuer’s board of directors or by the Common Representative, when they deem it necessary, or when requested by as many Noteholders as they represent at least one twentieth of the Notes issued and still outstanding.

In accordance with Article 2415, paragraph 3, of the Italian Civil Code, the provisions relating to the extraordinary shareholders’ meetings for Italian joint-stock companies shall apply to the Noteholders’ Board.

The relevant resolutions are filed by the notary public who has prepared the relevant minutes with the competent Companies Register. For the validity of the resolutions on amendments to the Note's conditions, the favourable vote of the Noteholders representing at least one half of the Notes issued and still outstanding is necessary also in second call. The validity of the intervention and the vote in the Noteholders' Board is governed by special laws.

Pursuant to Article 2416 of the Italian Civil Code, the resolutions passed by the Noteholders' Board may be challenged in accordance with articles 2377 and 2379 of the Italian Civil Code. Any challenge to the aforementioned resolutions shall be filed with the Court of Rovereto, against the Common Representative.

Pursuant to Article 2417 of the Italian Civil Code, the Common Representative may be chosen among persons who are not Noteholders and may also be a legal entity authorised to provide investment services ("*persona giuridica autorizzata all'esercizio dei servizi di investimento*") or a trust company ("*società fiduciaria*"). The following persons: (i) directors of the Issuer; (ii) statutory auditors of the Issuer; (iii) employees of the Issuer; and (iv) persons meeting the requirements set out under Article 2399 of the Italian Civil Code cannot be appointed as Common Representative and if appointed are automatically revoked. The Common Representative, if not appointed by the Noteholders' Board pursuant to Article 2415 of the Italian Civil Code, is appointed by the relevant Court upon request of one or more Noteholders or upon request of the Issuer's directors. The Common Representative remains in charge for a period not higher than three business years and may be re-elected. The Noteholders' Board establishes its reward. Within 30 (thirty) days from the notice of its appointment, notice of such appointment shall be registered with the relevant Company's Register upon request of the Common Representative.

Pursuant to Article 2418 of the Italian Civil Code, the Common Representative shall attend to the implementation of the decisions of the meeting of the Noteholders and protect their common interest against the Issuer. The Common Representative has the right to attend the meetings of the Noteholders. In connection with the protection of common interests, the Common Representative represents the Noteholders in judicial proceedings, even when the Issuer is subject to composition with creditors, bankruptcy and extraordinary administration.

In any case, pursuant to Article 2419 of the Italian Civil Code, the Noteholders' individual actions are not precluded unless such actions are inconsistent with the resolutions of the Noteholders' Board in accordance with Article 2415 of the Italian Civil Code.

Article 12 – Early Redemption

Each Noteholder has the right to ask for the early redemption of the total amount of its Notes in case of the occurrence of one of the following events:

- (i) non-payment by the Issuer, on the relevant due date, of any sum due in relation to the Notes, both as principal amount and interest amount, provided that such default continues for at least 10 (ten) Business Days;
- (ii) the Issuer fails to observe its obligations under Article 13, let. A and B of these Terms and Conditions;
- (iii) the Issuer is declared insolvent, pursuant to article 5 of R.D. 16 march 1942, No. 267 (the "**Bankruptcy Law**") or pursuant to any another law applicable to the Issuer;
- (iv) the deposit by the Issuer with the competent court, pursuant to Article 182-*bis* of the Bankruptcy Law, of a restructuring agreement, or the execution of a restructuring plan pursuant to Article 67, paragraph 3, letter (d) of the Bankruptcy Law, or the entering into of an out-of-court restructuring agreement in relation to the due and payable debts of the Issuer for an amount of Financial Indebtedness (as defined

in the following Article 13) exceeding Euro 200,000.00 (two thousands/00) for the entire duration of the Notes; it remains understood that are not relevant for this purpose any suspensions of payments granted in relation to debts not yet due and payable regarding the Financial Indebtedness previously regularly paid in accordance with the relevant contractual due date (included for example, ABI suspensions of payments and similar suspensions applicable to banks not adherent to ABI);

- (v) the occurrence of any event or circumstance as a result of which one subject or more subjects acting together obtain(s), directly or indirectly (i) the power to appoint or to revoke the majority of the Issuer's directors, or (ii) the power to exercise the majority of the votes in the Issuer's ordinary shareholders' meeting (the "**Change of Control**"). Anyway, it will not be considered Change of Control the cases in which a written approval of the Noteholders is obtained and/or the majority of the Issuer's share capital is, directly or indirectly, owned by Public Entities.
 - (vi) the occurrence of any event as a result of which one or more Issuer's obligations pursuant to these Terms and Conditions become invalid, illegal, or cease to have effect or to be enforceable;
 - (vii) the breach by the Issuer of any its obligation for an amount higher than Euro 200,000.00 (two thousand/00) for each breach, in relation to its Financial Indebtedness (other than the indebtedness deriving from the issuance of the Notes) or the occurrence of an event which implies an obligation for the Issuer to early redeem that Financial Indebtedness for an amount higher than Euro 200,000.00 (two thousand/00);
 - (viii) the enforcement of a guarantee on the Issuer's Assets (as defined below) and/or the beginning of enforcement proceedings against the Issuer for an amount higher than Euro 200,000.00 (two thousand/00);
 - (ix) the passing of a resolution by the Issuer's management body or shareholders' meeting for the winding-up of the Issuer or the passing of an Issuer's resolution approving the ceasing of all or part of its business.
- A) In the events described in subparagraphs (i), (iii), (iv), (ix) and (x) above, the request of early redemption shall be sent by each Noteholder, by means of a registered letter a.r. addressed to the registered office of the Issuer or by means of a certified e-mail, to be sent to the following e-mail address altogardaservizispa@legalmail.it. The early redemption of the Notes should be carried out by the Issuer within 30 (thirty) Business Days starting from the date of the request is receipt (the "**Early Redemption Date**").

The early redemption of Notes will be made at the Individual Nominal Amount, and will include the interests accrued, as the case may be, up to the Early Redemption Date, without any further expenses or commission for the Noteholders.

- B) In the events under subparagraphs (ii), (v), (vi), (vii), (viii) above, the following redemption procedure will apply.

Each Noteholder shall give written notice to the Issuer of the occurrence of an event listed above (the "**Noteholder Communication**"), to be sent by registered letter a.r. to the registered office of the Issuer or by certified e-mail to the following e-mail address altogardaservizispa@legalmail.it, within 90 (ninety) Business Days from the awareness of the relevant event (to be considered as objective and complete awareness of the event itself), specifying the event according to which the redemption request is formulated.

Within 30 (thirty) Business Days from the receipt of the Noteholder Communication, the Issuer is entitled to send to the relevant Noteholder a written notice challenging the Noteholders requests (the “**Issuer Communication**”); it being understood that if the Issuer will not send the Issuer Communication within the abovementioned term, the early redemption request contained in the Noteholder Communication will be deemed accepted and the Issuer shall early redeem the Notes in accordance with the provisions of sub-paragraph A) above.

Otherwise, within 30 (thirty) Business Days following the receipt of the Issuer Communication, the Issuer and the Noteholder will meet in order to settle, in good faith, the dispute; in case the dispute will not be settled, the Issuer and the Noteholder may adhere the relevant court in accordance with Article 17. In case as a result of the decision of the relevant court the Issuer shall early redeem the Notes, the Issuer shall proceed with the early redemption of the Notes according to subparagraph A) above within 30 (thirty) Business Days from the date on which the decision of the judge becomes final.

Article 13- Issuer Undertakings

For the entire duration of the Note, the Issuer undertakes towards the Noteholders:

- A) without, in any case, the previous Noteholders’ written consent:
 - (i) not to approve or perform any kind of extraordinary transactions nor extraordinary transactions on its own capital, nor transaction of transformation, merger, or demerger nor the purchase of its own shares from the Issuer or one of its Subsidiary Company, except for the Extraordinary Transactions Allowed (as defined below);
 - (ii) not to distribute dividends or profits exceeding the 70% (seventy percent) of net profit or reserves distribution, if this is not explicitly allowed in the business plan approved by the competent body of the Issuer;
 - (iii) not to proceed to the creation of segregate assets nor request loans dedicated for a specific business pursuant to article 2447-*bis* and 2447-*decies* of the Italian Civil Code;
 - (iv) not to carry out transaction for the reduction of the share capital, except for the mandatory cases pursuant to the law, and in case the Issuer’s share capital is reduced for losses pursuant to the law, the Issuer shall in any case ensure that, within and not later than 15 (fifteen) Business Days from the resolution of reduction, the Issuer’s share capital existing at the Issue Date is restored.
- B) to comply with the following obligations:
 - (v) without prejudice to the privileges provided for by statutory provisions of law, to ensure that no Issuer’s obligation deriving from the Notes shall be subordinated by contract to the Issuer’s unsecured obligations towards other third-party lenders;
 - (vi) to ensure that the revenues deriving from the issuance of the Notes, net of expenses and commissions (a) are used only for financing its and/or its Subsidiary Company general cash need; (b) are not used for refinancing and/or early redeem any of any Financing Indebtedness;
 - (vii) to ensure that all the company’s books are correct, true, complete, accurate and not misleading in any relevant aspects and are properly kept pursuant to the accounting laws and principles;

- (viii) to make every effort in order to maintain all the authorizations, patents, permissions and licenses necessary in order to carry out the Core Business activities as they are carried out as at the Issue Date (the “**Authorizations**”), except for the Authorizations related to the going concerns regarding the management of the water cycle and gas networks that shall/should be transferred pursuant to the Extraordinary Transactions Allowed (as defined below);
- (ix) to observe all the applicable laws and regulations (those ones on fiscal matters included), whose breach could determine a Significant Prejudicial Event (as defined below);
- (x) not to cease nor modify its Core Business;
- (xi) not to make any disposal on Assets, when it could imply the occurrence of a Significant Prejudicial Event;
- (xii) not to make, and to ensure that, also pursuant to and for the effect of Article 1381 of the Italian Civil Code, the Subsidiary Company do not make any payment in favor of the shareholders and subordinated creditors that can determine, or could potentially determine, with the passing of time or the delivery of the necessary and due communications or notices, a Significant Prejudicial Event;

C) to immediately communicate to the Notes:

- (xiii) any potential request to the banks aimed to re-negotiate the terms and conditions of the Financing Indebtedness with the purpose to execute an agreement for the restructuring of the debts due and payable of the Issuer for an amount of Financing Indebtedness higher than Euro 200,000.00 (two thousand/00) for the entire duration of the Notes; it remains understood that are not relevant for this purpose any suspension of payments granted in relation to debts not yet due and payable regarding the Financial Indebtedness previously regularly paid in accordance with the relevant contractual due date (included for example, ABI suspensions of payments and similar suspensions applicable to banks not adherent to ABI);
- (xiv) all the information necessary in order for the Noteholders to exercise their rights, included the information regarding to any amendments of these rights;
- (xv) the rise of any legal proceedings against the Issuer even in relation to the Authorizations, when this may cause a Significant Prejudicial Event;
- (xvi) the rating (where applicable) attributed to the Issuer and/or to the Notes by one or more rating agencies or other qualified entities and the relevant amendments;

D) to comply with the following information duties:

- (xvii) to send to the Noteholders, within 20 (twenty) Business Days from the relevant approval date from the competent body: (a) a copy of the annual audited financial statement and of the audited consolidated financial statement (if available), pursuant to Legislative Decree No. 39/2010, together with the relevant external auditors’ relations; and (b) copy of its own bi-annual report; and (c) the annual budget and/or the business plan (“*piano industriale*”) of the Issuer, periodically updated; and
- (xviii) to communicate to the Noteholders, on a bi-annual basis, information regarding its Financing Indebtedness;

For the purpose of this Article 13, the following terms have the meaning attributed to them as follows:

“Allowed Acquisitions” means an acquisition made by the Issuer and/or by the Subsidiary Companies, of participations or going concerns in companies:

- a) acting in similar or complementary sectors of the group;
- b) whose acquisition’s consideration together with the relevant Net Financing Indebtedness (referred to the participations or going concern related to the acquisition), as defined in the Annex to these Terms and Conditions, (the **“Enterprise Value”**) is, for every single acquisition, not higher than 35% (thirty-five percent) of the Issuer Net Worth.

“Assets” means participations, companies, going concerns, brands, patents and other intellectual property rights, assets or real estate assets and other tangible and intangible capital assets.

“Core Business” means all the activities carried out by the Issuer, both directly and indirectly, pursuant to the provisions of the Issuer’s by-laws in force as at 31 May 2014.

“Extraordinary Transaction Allowed” means:

- (i) the Issuer share capital paid increase pursuant to the Articles 2438 and 2439 of the Italian Civil Code and the increase of share capital by means of corporate capital reserves and/or funds pursuant to article 2442 of the Italian Civil Code;
- (ii) the merger into the Issuer of a Subsidiary Company provided that it is an *in bonis* company and that even at the end of the merger there will not be a Change of Control (as defined, and with the exceptions, set forth in article 12 (vi) above);
- (iii) the merger of a Subsidiary Company through the acquisition of another Subsidiary Company;
- (iv) the transfer of a going concern of the Issuer to a Subsidiary Company;
- (v) the transfer of an Issuer’s going concern to third parties, provided that an amount equal to the ratio between the consideration related to the acquisition and the Issuer Net Worth, as defined in the Annex attached to these Terms and Conditions, multiplied for the consideration related to the acquisition will be used for the partial early redemption of the Notes; such partial early redemption of the Notes could be requested by each Noteholder within 12 (twelve) months from the date of deposit in the companies register of the agreement related to the transfer of the going concern. In relation to the timing for the early redemption, *mutatis mutandis*, the terms and condition of the article 12 above will apply;
- (vi) the transfer of a going concern to a company which is not a Subsidiary Company, provided that, in order to guarantee the correct fulfilment by the Issuer of the obligations pursuant to these Terms and Conditions, the Issuer creates a pledge over the quota capital of the transferee as resulting from the transfer, for an amount equal to the value of the received quota equal to the ratio between the transfer net value and the Issuer Net Worth and anyway for an amount not higher than the residual share capital of the Notes;
- (vii) the Allowed Acquisitions;
- (viii) extraordinary transactions whose terms have been approved by an extraordinary resolution of the Noteholders; and the transfer of the Issuer’s going concern regarding the water cycle and

the gas networks that will be carried out in order to comply with the applicable provisions of law and/or regulations.

“Financing Indebtedness” means, by way of example, in relation to the Issuer, any indebtedness (both as principal amount and interests), not yet due and/or payable, in relation to:

- (a) any kind of financing (including, only by way of example, bank advances and/or undrawn credits, discounting and factoring transactions, payments subject to collections (“*anticipi salvo buon fine*”), issuance of other bonds or securities, including convertible bonds or securities, and other credit securities and other any kind of financial instruments and every kind of joint venture agreement where the Issuer is the associating party or other transactions having an economic/commercial effect like a financing), or any kind of request of financing subject to a duty of reimbursement even if, subordinated to, and/or subject to, and/or parameter to, profits deriving from an activity or from other economic and/or financing parameters or indices, including any securitization transaction of receivables originated by the Issuer, independently from the technical form of the financing/loan and from the nature of the contract relationship;
- (b) any indemnity obligation undertaken in relation to any kind of financing or loan or other debt in any form taken or issued from third parties (also through the issuance of securities and financial instruments), included, by way of example, every compensation, obligation, stand by and documental credit letter;
- (c) any debt or liability deriving from financial lease agreements and, in case the option right is exercised, the amounts to be paid for the acquisition of activities which represents the object of these financial lease agreements,;
- (d) any kind of debt or liability, even potential or conditional, that can derive from guarantees or other similar personal guarantees, and letter of patronage or similar;
- (e) any amount deriving from other transactions (including, sale and acquisition of forward, sale and sale back agreements or sale and leaseback agreements) having the same commercial effects of the loan or classified as loans pursuant the applicable accounting principles;
- (f) any derivative transaction, from which a financial obligation arise in relation to the Issuer;
- (g) any amount deriving from an advance or deferred purchase agreement, in the case on which: (A) one of the main reasons of the agreement is to collect funds or to finance the purchase or the building of the asset or the relevant service, or (B) the agreement is aimed to the supply of goods and services and the payment is due in more than 90 (ninety) days from the supply date; and
- (h) the amount arising from every guarantee assumed for any transactions described in the subparagraphs from (a) to (g) above.

“Significant Prejudicial Event” means an event whose direct or indirect consequences may have a negative impact on the financial conditions, on the assets or on the activities of the Issuer and so jeopardizing the capacity to duly fulfil the Issuer’s obligations under the Notes.

“Subsidiary Companies” means every company subject, from time to time, to the Issuer control, direct or indirect, pursuant to the article 2359, paragraph 1, n. 1 and 2 of the Italian Civil Code.

Article 14 – Calculation Agent

The calculation agent is BNP Paribas. The potential change of the calculation agent will be communicated with a notice published in accordance with Article 16 below.

The calculations and resolutions of the calculation agent will be carried out according to these Terms and Conditions and, if there will not be an evident mistake, they will be final, conclusive and binding towards the Noteholders.

Article 15 – Tax regime

The Noteholders shall pay only taxes and duties applicable to the Notes and/or to the relevant interests, premiums and other gains pursuant to the applicable law.

Article 16 – Miscellanea

All the communications due by Issuer to the Noteholders shall be given through a notice to be published on the Issuer's website (www.altogardaservizi.com).

As an exception to Article 11 above, and without the necessity of the previous Noteholders' consent, the Issuer is entitled to amend these Terms and Conditions, when such amendments are deemed necessary or even only appropriate only in order to eliminate material mistakes, doubts or vagueness in the text or in order to complete it, provided that these amendments shall not prejudice the Noteholders' rights and interests and such amendments are only made to their advantage and these amendments are immediately communicated to the Noteholders pursuant to the provisions contained in the previous paragraph.

The subscription or the purchase of the Notes implies the full acceptance of all the conditions set out in these Terms and Conditions, which is deemed integrated by the relevant legal framework.

For what not expressly regulated in these Terms and Conditions, the current provisions of law apply and in particular Article 2410 and following of the Italian Civil Code will apply.

Article 17 – Applicable law and jurisdiction

The Notes are governed by Italian law and it is under the exclusive Italian jurisdiction. Any disputes which may arise between the Issuer and the Noteholders shall be subject to the exclusive jurisdiction of the Court of Rovereto.

Attachment to the Terms and Conditions - Issuer undertakings

The value of Net Financing Indebtedness (“**NFI**”) is calculated as per the chart below, by making reference with regards to the classification set forth in Article 2424 of the Italian Civil Code, to the values used to calculate the Enterprise Value in the last approved balance sheet, drafted according to the national accounting principles and submitted to eventual certification, and only with reference to the item “*outstanding debt for leasing*” by making reference to other documents to be issued by the Issuer or by other entities, in case of acquisitions of participations in companies.

In case of acquisitions of going concerns, will be used the values deriving from the financial position related to the transfer.

(A) Cash (A1 + A2 + A3): C IV
(A1) C IV 1) Bank and postal deposits
(A2) C IV 2) Checks
(A3) C IV 3) Cash and cash value
(B) Financial credits* (B1+ B2 + B3): C II
(B1) C II 2) Credits towards subsidiary companies (within and after the next financial year)
(B2) C II 3) Credits towards affiliated companies (“ <i>imprese collegate</i> ”) (within and after the next financial year)
(B3) C II 4) Credits towards holdings companies (“ <i>imprese controllanti</i> ”) (within and after the next financial year)
*The financial nature of the credits described on paragraphs B1 B2 B3 will be calculated on the basis of the information contained in the notes to the financial statements (“ <i>nota integrativa</i> ”)
(C) Financial assets which are not capital assets C III 6)
(D) Financial debts (D1 + D2 + D3 + D4 +D5 + D6): D
(D1) Bonds (within and after the next financial year)
(D2) Convertible bonds (within and after the next financial year)
(D3) Debts towards the shareholders for financings (within and after the next financial year)
(D4) Debts towards the banks (within and after the next financial year)
(D5) Debts towards other lenders (within and after the next financial year)
(D6) Outstanding debt for leasing

(E) Other financial debts* (E1 + E2 + E3):
(E1) D 9 Debts towards the subsidiary companies (within and after the next financial year)
(E2) D 10 Debts towards the affiliated companies (“ <i>imprese collegate</i> ”) (within and after the next financial year)
(E3) D 11 Debts towards the holdings companies (“ <i>imprese controllanti</i> ”) (within and after the next financial year)
*The financial nature of the debts described on paragraphs E1 E2 E3 will be calculated by making reference to the information contained in the notes to the financial statements (“ <i>nota integrativa</i> ”). In case of doubt, they will be automatically considered as financial debts.
(A+B+C-D-E) = NET FINANCING INDEBTEDNESS

A Net Financial Position (“**NFP**”) is defined as the value of “*Net Financing Indebtedness*” of the chart above, if the value is negative, assumed as absolute value, with positive sign and increased of the residual value of the debt arising from the finance lease contracts. Whenever the result of the chart above increased of the residual value of the debt arising from the finance lease contracts is with positive sign the Net Financing Indebtedness will be equal to 0 (zero).

The “**Net Worth**”, is defined with the voice “Net Worth” as resulting from the last balance sheet approved by the Issuer and contained in the item Liability “A) Net Worth” minus the item Asset “A) Credits against shareholders for unpaid capital contributions” (pursuant to Article 2424 of the Italian Civil Code).

V. TAXATION IN ITALY

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

The summaries set forth below are based upon, as applicable, European Union or Italian law as in effect on the date of this Prospectus and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to EU and Italian tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Prospectus.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), the competent authority of a Member State is required to provide to the competent authority of another Member State details of payments of interest (and similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entity established in that other Member State.

For a transitional period, however, Austria has instead opted (unless during that period it elects otherwise) to operate a withholding system in relation to such payments, deducting tax at the rate of 35% (the ending of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). However, during that transitional period, withholding will not apply under the EU Savings Directive to a payment if the beneficial owner of that payment authorizes exchange of information instead. A number of non-EU countries and territories have adopted similar measures (either provision of information or transitional withholding).

On March 24, 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the EU Savings Directive (the “**Amending Directive**”). In particular, the changes expand the range of payments covered by the EU Savings Directive to include certain additional types of income, and widen the range of recipients’ payments to whom are covered by the EU Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (which national legislation must apply from January 1, 2017).

The Council of the European Union with Directive 2015/2060 published in the Official Gazette of November 10, 2015 repealed the Saving Directive with effect from 1 January 2016. In the case of Austria, the Savings Directive will be repealed in this country with effect from January 1, 2017 only. The repeal of the Savings Directive was necessary to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation (as amended by Council Directive 2014/107/EU). Directive 2015/2060 was implemented in Italy by the law 7 July 2016 no. 122.

Investors who are in any doubt as to their position should consult their professional advisors.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws in force in the Republic of Italy and on published practices of the Italian tax authorities in effect in Italy as of the date of the Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. The following is a summary of certain material Italian tax consequences of the purchase, ownership, redemption and disposition of Notes for Italian resident and non-Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. This summary also assumes that the Notes are listed from their issue and traded on a regulated market or on a multi-lateral trading platform of EU Member States or EEA Member States which allow a satisfactory exchange of information with Italy, as listed in the Decree of the Minister of Finance of September 4, 1996, as amended and supplemented. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian law. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

Tax Treatment of Interest

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**”) deriving from Notes falling within the category of bonds (“*obbligazioni*”) and similar securities (“*titoli simili alle obbligazioni*”), pursuant to Article 44 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented (“**Decree 917**”), issued, *inter alia*, by:

- Italian resident companies whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States or EEA Member States which allow a satisfactory exchange of information with Italy, included in the list to be prepared by the MEF (“*Ministero dell’Economia e delle Finanze*”) through a special Decree pursuant to Article 168-*bis* of Decree 917; or
- Italian resident companies whose shares are not listed, issuing Notes traded (“*negoziati*”) on the aforementioned regulated markets or multi-lateral trading platforms.

For this purpose, pursuant to Article 44 of Decree 917, bonds or debentures similar to bonds (“*titoli simili alle obbligazioni*”) are securities that (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) which do not grant the holder any direct or indirect right of participation to (or control of) management of the Issuer or of the business in connection with which they are issued.

Italian Resident Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

Where an Italian resident beneficial owner of the Notes (a “**Noteholder**”) is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*);
- a non-commercial private or public institution; or
- an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, are subject to a substitute tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 percent, unless the relevant Noteholder has opted for the application of the “*risparmio gestito*” regime provided for by Article 7 of Italian Legislative Decree No. 461 of November 21, 1997 (“**Decree 461**”). The “*imposta sostitutiva*” may not be recovered as a deduction from the income tax due.

As of fiscal year 2015, as provided by Law, No. 190 of December 23, 2014, published in the Official Gazette No. 300 of December 29, 2014 (the “**Finance Act 2015**”), social security entities incorporated under Law No. 509 of June 30, 1994 or Law No. 103 of February 10, 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent on financial proceeds deriving from medium and long-term investments (according to the criteria set forth by decree of June 19, 2015 issued by the Minister of Economy and Finance), as certified by the relevant withholding agent, and a notional 20 per cent taxation. The tax credit should be disclosed in the entities’ annual tax return and could be used from the first year following the investment.

An Italian resident Noteholder not engaged in an entrepreneurial activity who has opted for the so-called “*risparmio gestito*” is subject to a 26 percent annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year. The substitute tax is applied on behalf of the taxpayer by the managing authorized intermediary.

Noteholders Engaged in an Entrepreneurial Activity

In the event that an Italian-resident Noteholder is an individual or a non-commercial entity engaged in an entrepreneurial activity to which the Notes are connected, the “*imposta sostitutiva*” applies as a provisional tax.

Where a Noteholder is an Italian resident company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to “*imposta sostitutiva*”. It must, however, be included in the relevant Noteholder’s income tax return and is therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the “status” of the Noteholder, also to the Italian regional tax on productive activities (“**IRAP**”).

Where an Italian resident Noteholder is an individual engaged in an entrepreneurial activity to which the Notes are connected, Interest relating to the Notes is subject to *imposta sostitutiva* on a provisional basis and will be included in its relevant income tax return. As a consequence, Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Real Estate Investment Funds and Real Estate SICAFs

Under the current regime provided by Law Decree No. 351 of September 25, 2001 (“**Decree No. 351**”), as clarified by the Italian Revenue Agency with Circular No. 47/E of August 8, 2003 and based on Circular No.

11/E of March 28, 2012, payments of Interest on the Notes made to Italian resident real estate collective investment funds established under Article 37 of Italian Legislative Decree of January 25, 1994, No. 58 or Article 4-*bis* of Law No. 86 of January 25, 1994, are subject neither to “*imposta sostitutiva*” nor to any other income tax at the level of the real estate investment fund *provided that* the Notes, together with the relevant coupons, are timely deposited with an authorized intermediary.

The same regime discussed above is applicable to Italian real estate *Società di Investimento a Capitale Fisso* qualified as such from a civil law perspective (“**Real Estate SICAF**”).

Funds, SICAVs and SICAFs (other than Real Estate SICAFs)

Where an Italian-resident Noteholder is an open-ended or a closed-ended collective investment fund (“**Fund**”) or a *Società di Investimento a Capitale Variabile* (“**SICAV**”) or a *Società di Investimento a Capitale Fisso* which not exclusively or primarily invests in real estate (“**SICAF**”), established in Italy and subject (or whose manager is subject) to the supervision of a regulatory authority, and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes should not be subject to “*imposta sostitutiva*”, but must be included in the management results of the Fund, the SICAV or the SICAF (as the case may be). The Fund, the SICAV or the SICAF will not be subject to taxation on such management results, but a withholding at the rate of 26% will instead apply, in certain circumstances, to distributions made in favor of their unitholders or shareholders (as the case may be).

Pension Funds

Where an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited in a timely manner directly or indirectly with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to the “*imposta sostitutiva*”, but will be included in the results of the relevant portfolio accrued at the end of the relevant tax period, which will be subject to a 20% substitute tax.

As of fiscal year 2015, as provided by the Finance Act 2015, a 9 per cent tax credit is granted to the pension funds on income from medium and long-term financial investments (according to the criteria set forth by decree of June 19, 2015 issued by the Minister of Economy and Finance), included in the annual result of the pension fund. The tax credit should be disclosed in the entities’ annual tax return and could be used from the first year following the investment.

Application of the Imposta Sostitutiva

Pursuant to Decree No. 239, the “*imposta sostitutiva*” is applied by banks, *Società di Intermediazione Mobiliare* (“**SIM**”), fiduciary companies, *Società di Gestione del Risparmio* (“**SGR**”), stockbrokers and other entities identified by a decree of the Ministry of Finance (each, an “**Intermediary**”).

An Intermediary must:

- be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and
- intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the “*imposta sostitutiva*”, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the “*imposta sostitutiva*” is applied and withheld by

the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the “*imposta sostitutiva*” applies provided that the non-Italian resident Noteholder is:

- a beneficial owner of Interest resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or
- an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- an “institutional investor”, whether or not subject to tax, which is established in a country which allows a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment; or
- a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

For the purposes of exemption from “*imposta sostitutiva*” countries allowing a satisfactory exchange of information with Italy currently include those identified by the “white list” provided for by Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented.

In order to ensure gross payment, non-Italian resident Noteholders must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

- an Italian or foreign bank or a financial institution (which could be a non-EU resident—the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the noteholder with a Second Level Bank (as defined below); or
- an Italian-resident bank or brokerage company (“**SIM**”), or a permanent establishment in Italy of a non-resident bank or a SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the “**Second Level Bank**”).

Non-Italian resident organizations and companies, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, *provided that* they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. In the event that a non-Italian-resident Noteholder deposits the relevant Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the “*imposta sostitutiva*” for non-Italian-resident Noteholders is conditional upon:

- the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- the submission at the time or before the deposit of the Notes to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant noteholder (“*autocertificazione*”), to be

provided only once, in which it declares, inter alia, that is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the “*imposta sostitutiva*”.

Such statement must comply with the requirements set forth by the Ministerial Decree of December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy or Central Banks or entities also authorized to manage the official reserves of a foreign State. Additional declarations may be required for “institutional investors” (see Circular Letter No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The “*imposta sostitutiva*” will be applicable at the rate of 26% to Interest paid to non-Italian Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the relevant conditions.

Noteholders who are subject to the “*imposta sostitutiva*” may, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied.

Certain Italian Tax Considerations on Capital Gains on the Notes

Italian Resident Noteholders

Noteholders not Engaged in an Entrepreneurial Activity

Where an Italian-resident Noteholder is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership; or
- a non-commercial private or public institution.

any capital gain realized by such Noteholder from the disposal or redemption of the Notes would be subject to the “*imposta sostitutiva*”, levied at a rate of 26%.

In respect of the application of the “*imposta sostitutiva*”, taxpayers may opt, under certain conditions, for any of the three regimes described below.

Tax Declaration Regime

Under the “tax declaration regime” (“*regime della dichiarazione*”), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the “*imposta sostitutiva*” on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same nature, in their annual tax return and pay the “*imposta sostitutiva*” on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and set off against capital gains of the same nature realized in any of the four succeeding tax years.

Risparmio Amministrato Regime

As an alternative to the tax declaration regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the “*imposta sostitutiva*” separately on capital gains realized on each disposal or redemption of the Notes (the “*risparmio amministrato*” regime) according to Article 6 of Decree 461. Such separate taxation of capital gains applies when:

- the Notes are deposited with an Italian bank, SIM or certain authorized financial intermediary; and
- an express election for the “*risparmio amministrato*” regime is timely made in writing by the relevant Noteholder.

The depository must account for the “*imposta sostitutiva*” in respect of capital gains realized on each disposal or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the “*imposta sostitutiva*” to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the “*risparmio amministrato*” regime, any possible capital loss resulting from a disposal or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the “*risparmio amministrato*” regime, the Noteholder is not required to declare the capital gains/losses in its annual tax return.

Risparmio Gestito Regime

In the “*risparmio gestito*” regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the “*risparmio gestito*” regime, the Noteholder is not required to declare the capital gains or losses realized in its annual tax return.

Noteholders Engaged in an Entrepreneurial Activity

Any gain obtained from the disposal or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the “status” of the noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real Estate Investment Funds and Real Estate SICAFs

Any capital gains realized by a Noteholder which is an Italian real estate investment fund or an Italian Real Estate SICAF to which the provisions of Decree No. 351, as subsequently amended, apply, will be subject neither to “*imposta sostitutiva*” nor to any other income tax at the level of the real estate investment fund or Real Estate SICAF.

Funds, SICAVs and SICAFs (other than Real Estate SICAFs)

Any capital gains realized by a Noteholder who is an Italian Fund, a SICAV or a SICAF subject (or whose manager is subject) to the supervision of a regulatory authority, will be included in the result of the relevant

portfolio accrued at the end of the relevant tax period. Such result will not be subject to taxation at the level of the Fund, the SICAV or the SICAF, but a withholding at the rate of 26% will instead apply, in certain circumstances, to distributions made in favor of their unitholders or shareholders (as the case may be).

Pension Funds

Any capital gains on Notes held by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period (which will be subject to a 20% substitute tax).

As of fiscal year 2015, as provided by the Finance Act 2015, a 9 per cent tax credit is granted to the pension funds on income from medium and long-term financial investments (according to the criteria set forth by decree of June 19, 2015 issued by the Minister of Economy and Finance), included in the annual result of the pension fund. The tax credit should be disclosed in the entities' annual tax return and could be used from the first year following the investment.

Non-Italian Resident Noteholders

A 26% “*imposta sostitutiva*” on capital gains may be payable on capital gains realized on the disposal or redemption of the Notes by non-Italian resident persons or entities without a permanent establishment in Italy to which the notes are effectively connected, if the notes are held in Italy.

However, pursuant to Article 23, letter f), no.2 of Decree 917, capital gains realized by non-Italian resident noteholders without a permanent establishment in Italy to which the notes are effectively connected from the disposal or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the “*imposta sostitutiva*”, in certain cases (in particular, where the “*risparmio amministrato*” regime applies or where option is made for the “*risparmio gestito*” regime) subject to timely filing of required documentation (in particular, a self-declaration that the noteholder is not resident in Italy for tax purposes).

Capital gains realized by non-Italian resident noteholders without a permanent establishment in Italy to which the notes are effectively connected from the disposal or redemption of notes issued by an Italian-resident issuer, even if the notes are not traded on a regulated market, are not subject to the “*imposta sostitutiva*”, provided that the noteholder is:

- a beneficial owner resident, for tax purposes, in a country allowing an adequate exchange of information with Italy;
- an international body or entity set up in accordance with international agreements which have entered into force in Italy;
- an “institutional investor”, whether or not subject to tax, which is established in a country allowing an adequate exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment; or
- a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, such non-Italian resident noteholders may in certain cases (in particular, where the “*risparmio amministrato*” regime applies or where option is made for the “*risparmio gestito*” regime) be required to file a self-declaration as the one required in order to benefit from the exemption from the “*imposta sostitutiva*” in accordance with Decree No. 239. See “*Tax Treatment of interest—Non-Italian Resident Noteholders*” above.

If the conditions above are not met, capital gains realized by non-Italian resident noteholders without a permanent establishment in Italy to which the notes are effectively connected from the disposal or redemption of notes issued by an Italian-resident issuer and not traded on a regulated market may be subject to the “*imposta sostitutiva*” at the current rate of 26%. However, noteholders may be able to benefit from an applicable double tax treaty with Italy providing that capital gains realized upon the sale or redemption of the notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions. In order to benefit from the applicable treaty regime, such non-Italian resident noteholders may in certain cases (in particular, where the “*risparmio amministrato*” regime applies or where option is made for the “*risparmio gestito*” regime) be required to file a certificate of tax residence issued by the foreign competent tax authority.

The “*risparmio amministrato*” regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding notes deposited with an Intermediary, but non-Italian-resident noteholders retain the right to waive its applicability.

Certain Reporting Obligations for Italian-Resident Noteholders

Pursuant to Law Decree No. 167 of June 28, 1990, individuals, non-profit entities and certain partnerships (in particular, “*società semplici*” or similar partnership in accordance with Article 5 of Decree 917) resident in Italy holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediary) are required to report, in their Italian tax return, the value of their financial assets held abroad. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

The above reporting requirement is not required to be complied with in respect of Notes deposited for management or administration with qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to withholding or substitute tax by the same intermediaries.

Italian Inheritance Tax and Gift Tax

Pursuant to Law Decree No. 262 of October 3, 2006, as subsequently amended, subject to certain exceptions, the transfer of Notes by reason of gift, donation or succession proceedings is generally subject to Italian inheritance tax and gift tax as follows:

- 4% for transfers in favor of spouses and direct descendants and ascendants on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of € 1 million;
- 6% for transfers in favor of siblings on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of €100,000;
- 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress and/or the donee is a person with a severe disability, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance tax and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian-resident individuals for bonds issued by Italian resident companies.

Wealth Tax on Securities Deposited Abroad

According to Article 19 of Law Decree No. 201 of December 6, 2011 (“**Decree No. 201**”), Italian-resident individuals holding financial assets – including the Notes – outside of Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.20%. The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are entitled to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the country where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Stamp Duties—Holding Through Financial Intermediary

According to Article 19 of Decree No. 201, a proportional stamp duty generally applies on a yearly basis currently at the rate of 0.20% calculated on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes) deposited by either Italian or non-Italian residents with an Italian financial intermediary. For investors other than individuals, the annual stamp duty cannot exceed € 14,000.00. Based on the law and the implementing decree issued by the Italian Ministry of Finance on May 24, 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on June 20, 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Transfer Tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

- public deeds and notarized deeds (“*atti pubblici e scritture private autenticate*”) are subject to fixed registration tax at rate of €200.00; and
- private deeds (“*scritture private non autenticate*”) are subject to fixed registration tax of €200.00 only (i) in case of voluntary registration, or (ii) in case of cross reference in a deed, agreement or other document entered into, executed or signed by the same parties thereto and registered with the competent Registration Tax Office or in a judicial decision (“*enunciazione*”), or (iii) in case of use. According to Article 6 of the Presidential Decree No. 131 of April 26, 1986, a “case of use” would generally occur if the relevant document is deposited with a central or local government office or with a court chancery in connection with an administrative procedure, except for the case that the deposit is compulsory required by law or regulation.

VI. SUBSCRIPTION AND SALE

United States

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder. The applicable Terms will identify whether TEFRA C or TEFRA D apply or whether TEFRA is not applicable.

Each Noteholder shall not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all Notes except in accordance with Rule 903 of the Regulation S promulgated under the Securities Act. None of the Noteholders nor any persons acting respectively on behalf of the Noteholders shall engage in any directed selling efforts with respect to the Notes, and it and they shall comply with the offering restrictions requirements of Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) each Noteholder shall not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the “**FIEA**”) and the Notes shall not, directly or indirectly, be sold in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with all Italian securities, tax and exchange controls and other applicable laws and regulations:

- (i) to qualified investors (“*investitori qualificati*”), as defined in Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (the “**Regulation No. 16190**”) pursuant to Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Regulation No. 11971**”), implementing Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”); or
- (ii) in other circumstances, which are exempted from the rules on public offerings pursuant to the Financial Services Act and other applicable laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or other Italian authority.

United Kingdom

In relation to the offer of the Notes within the United Kingdom:

- (a) in relation to any Notes which have a maturity of less than one year, each Noteholder shall not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (b) the Noteholders shall communicate an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) the Noteholders shall comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

The Issuer and the Noteholders comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, they will not, directly or indirectly, offer, sell or deliver of any Notes or distribute or publish any prospectus, form of application, prospectus (including this Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken by them to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

VII. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in this Prospectus:

- 1) English translation of the Financial Statements and the management report as of 31 December 2015 as included in the 2015 annual report of the Issuer:

http://www.altogardaservizi.com/files/BILANCIO%20AGS%202015_EN.pdf

- 2) English translation of the Financial Statements and the management report as of 31 December 2014 as included in the 2014 annual report of the Issuer:

http://www.altogardaservizi.com/files/BILANCIO%20AGS%202014_EN.pdf

The following information appears on the pages stated below of the respective document:

1. **English translation of the Financial Statements, the management report and auditor's report as of 31 December 2015**

Chapters	Page Numbers
Report on operations	4-29
Financial Statements as at 31 December 2015	30-33
Accounting Standards and Valuation Criteria	34-62
Report of the Board of the Statutory Auditors to the Shareholders' meeting pursuant to Article 2429, paragraph 2, Civil Code	63-66
Auditor's Report	67-68

2. **English translation of the Financial Statements, the management report and the auditor's report as of 31 December 2014**

Chapters	Page Numbers
Report on operations	4-24
Financial Statements as at 31 December 2014	25-28
Accounting Standards and Valuation Criteria	29-56
Report of the Board of the Statutory Auditors to the Shareholders' meeting pursuant to Article 2429, paragraph 2, Civil Code	57-59
Auditor's Report	60-61

Information included in the documents incorporated by reference that is not included in the cross-reference lists above is neither part of this Prospectus nor incorporated by reference in the Prospectus. Such information not incorporated by reference in the Prospectus is either not relevant for investors or already included elsewhere in the Prospectus.

VIII. GENERAL INFORMATION

1. Admission to trading

The Issuer will apply for the admission of the Notes to the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange. This Prospectus applies with respect to the issuance of Notes to be listed on the Vienna Stock Exchange within a period of 12 months from the date of approval of this Prospectus.

2. Auditors

The auditors of the Issuer are:

- (i) BDO S.p.A. (“**BDO**”), (which have incorporated Grant Thornton), who have audited the Issuer’s accounts, without qualification, in accordance with the Italian accounting standard principles, for the financial year ended on 31 December 2015. BDO S.p.A. is registered under No. 167911 in the Register of independent auditors held by the Ministry of Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010; and
- (ii) Ria Grant Thornton S.p.A (“**Grant Thornton**” and together with BDO, the “**Auditors**”), who have audited the Issuer’s accounts, without qualification, in accordance with the Italian accounting standard principles, for the financial year ended on 31 December 2014. Grant Thornton is registered under No. 157902 in the Register of independent auditors held by the Ministry of Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010.

The Auditors of the Issuer have no material interest in the Issuer.

3. Authorisation

The issuance of the Notes has been duly authorised by a resolution of the Board of Directors of the Issuer dated 1 July 2014.

4. Currency of the Notes

The Notes will be denominated in Euro. All payments of interest and principal shall be in such currency.

5. Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and to the Issuer’s web site (http://www.altogardaservizi.com/Investor_Relations).

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the audited financial statements of AGS in respect of the financial years ended on 31 December 2015 and on 31 December 2014 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith. AGS currently prepares audited accounts on an annual basis;
- (c) a copy of this Prospectus; and any future Prospectus, prospectuses, supplements to this Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Prospectus, which are admitted to trading on the Vienna Stock Exchange's Second Regulated Market and each document incorporated by reference are available on the Vienna Stock Exchange's website at www.wienerbourse.at.

6. Litigation

Save as disclosed in the Section III entitled “*Information regarding the Issuer and the Group*”, paragraph 6. “*Litigation and Arbitration*”, neither the Issuer nor any other member of the AGS Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the AGS Group.

7. Issue Price

Notes will be issued at their nominal amount. The Notes may be offered at the issue price.

8. Ranking of the Notes

The Notes are direct, unconditional and unsubordinated obligations of the Issuer and rank equally with all other outstanding, unsecured and unsubordinated obligations of the Issuer (present and future), unless such obligations are accorded priority under mandatory provisions of statutory law.

9. Rating

No rating has been assigned to the Notes.

10. Significant or Material Change

There has been no significant change in the financial position of AGS or the AGS Group since the date of the last approved financial statement and there has been no material adverse change in the financial position or prospects of AGS or the AGS Group since the date of the last approved financial statement.

11. Use of proceeds

The Issuer has been used the proceeds from each issue of the Notes primarily for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness.

12. Fees

The upfront expenses for admission to trading of the Notes will amount to approximately to Euro 4,000.

IX. GLOSSARY

<i>ABI</i>	means the Italian Banking Association.
<i>AEEGSI</i>	means the Authority for Electricity Gas and Water (“ <i>Autorità per l’Energia Elettrica il Gas e il Sistema Idrico</i> ”).
<i>Alto Garda Servizi Group</i>	means Alto Garda Servizi and its subsidiaries and shareholdings in general.
<i>Bps</i>	means basis point
<i>EBIT</i>	means the operating profit as represented in the income statement for AGS. The EBIT information included in this Prospectus has not been included from the Financial Statements of the Issuer and, accordingly, has therefore not been audited by an auditor and was determined by the Issuer itself. EBIT represents a business indicator that is not defined in the International Financial Reporting Standards (IFRS). It serves the management of AGS Group as a measurement and control lever for the economic success and the profitability of the Group.
<i>EBITDA</i>	means the operating profit (EBIT) adjusted with scheduled and unscheduled depreciation and revaluation on intangible assets and tangible assets of AGS. The EBITDA information included in this Prospectus has not been included from the Financial Statements of the Issuer and, accordingly, has therefore not been audited by an auditor and was determined by the Issuer itself. EBITDA represents a business indicator that is not defined in the International Financial Reporting Standards (IFRS). It serves the management of the AGS Group as a measurement and control lever for the economic success and the profitability of the Group.
<i>EUR and Euro</i>	means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.
<i>Euroclear</i>	means Euroclear Bank S.A./ N.V. Brussels as operator of the Euroclear Systems.
<i>Eurozone Countries</i>	means the countries included in the European area.
<i>Financial Statements</i>	means the English language audited financial statements of AGS as of and for the financial years ended 31 December 2014 and 31 December 2015.
<i>FMA</i>	means the Austrian Financial Market Authority.
<i>Geregelter Freiverkehr</i>	means the Second Regulated Market of the Vienna Stock Exchange.
<i>Issuer</i>	means Alto Garda Servizi S.p.A. or Alto Garda Servizi or AGS, a joint-stock company, incorporated under the laws of the Republic of Italy, with registered office at Via Ardaro 27, Riva del Garda - Trento (Italy), share capital of Euro 23,234,016.00 fully paid up, enrolled in the Companies Register of Trento with Tax Code and VAT No. 01581060223.

<i>Italian Civil Code</i>	means the Royal Decree No. 262/1942, as amended and supplemented from time to time
<i>KMG</i>	means the Austrian law regarding the public offer of securities and other capital investments and the repeal of the Securities Issuance Law (<i>Kapitalmarktgesetz – KMG</i>), as amended, which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended.
<i>Member State of the European Economic Area</i>	means each state included in the European Economic Area.
<i>MEF</i>	means the Italian Ministry of Economy and of Finance (“ <i>Ministero dell’Economia e delle Finanze</i> ”)
<i>Monte Titoli S.p.A</i>	means, the Italian Central Securities Depository, a company located in Milan, in Piazza degli Affari, 6, capital share equal to Euro 16,000,000 fully paid, Fiscal Code no. 03638780159 and enrollment in the Company Register of Milan no. 03638780159
<i>Notes</i>	means the notes issued under the Prospectus by the Issuer.
<i>Prospectus</i>	means this prospectus in accordance with Article 5.3 of the Prospectus Directive, which was prepared in line with requirements of the Prospectus Directive, Annexes IX and XIII of the Prospectus Regulation and the KMG.
<i>Prospectus Directive</i>	means Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (including by Directive 2010/73/EC of 24 November 2010).
<i>Prospectus Regulation</i>	means the Commission Regulation 809/2004/EC.
<i>Securities Act</i>	means the United States Securities Act of 1933, as amended.
<i>Regulation S</i>	means the regulation under the Securities Act.
<i>TEFRA</i>	means Tax Equity And Fiscal Responsibility Act Of 1982
<i>Terms and Conditions</i>	means the terms and conditions included in Section VI.1 (<i>Terms and Conditions</i>).
<i>Yoy</i>	Year over year is a method of evaluating two or more measured events to compare the results at one time period with those of a comparable time period on an annualized basis.

STATEMENT PURSUANT TO COMMISSION REGULATION (EC) NO 809/2004 OF APRIL 29, 2004 AND PURSUANT TO SECTION 8 PARA 1 CAPITAL MARKETS ACT

ALTO GARDA SERVIZI S.p.A, a joint-stock company, incorporated under the laws of the Republic of Italy, with registered office at Via Ardaro 27, Riva del Garda - Trento (Italy), share capital of Euro 23,234,016.00 fully paid up, enrolled in the Companies Register of Trento with Tax Code and VAT No. 01581060223 is responsible for this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Riva del Garda, 5 December 2016

ALTO GARDA SERVIZI S.p.A
as Issuer

Mr. Andrea Mora